

CITY OF BETTENDORF, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2004

Prepared by:

City Finance Department
Carol A. Barnes, Finance Director

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CITY OF BETTENDORF, IOWA

Fiscal year 2003/2004

Michael J. Freemire, **Mayor**

Lisa M. Brown
Alderman at Large

Timothy A. Stecker
Alderman at Large

Norman P. Voelliger
First Ward Alderman

Joseph H. Douglas
Second Ward Alderman

Debe L. LaMar
Third Ward Alderman

Rosemary F. Gordy
Fourth Ward Alderman

Carolyn Koos
Fifth Ward Alderman

Decker P. Ploehn, City Administrator

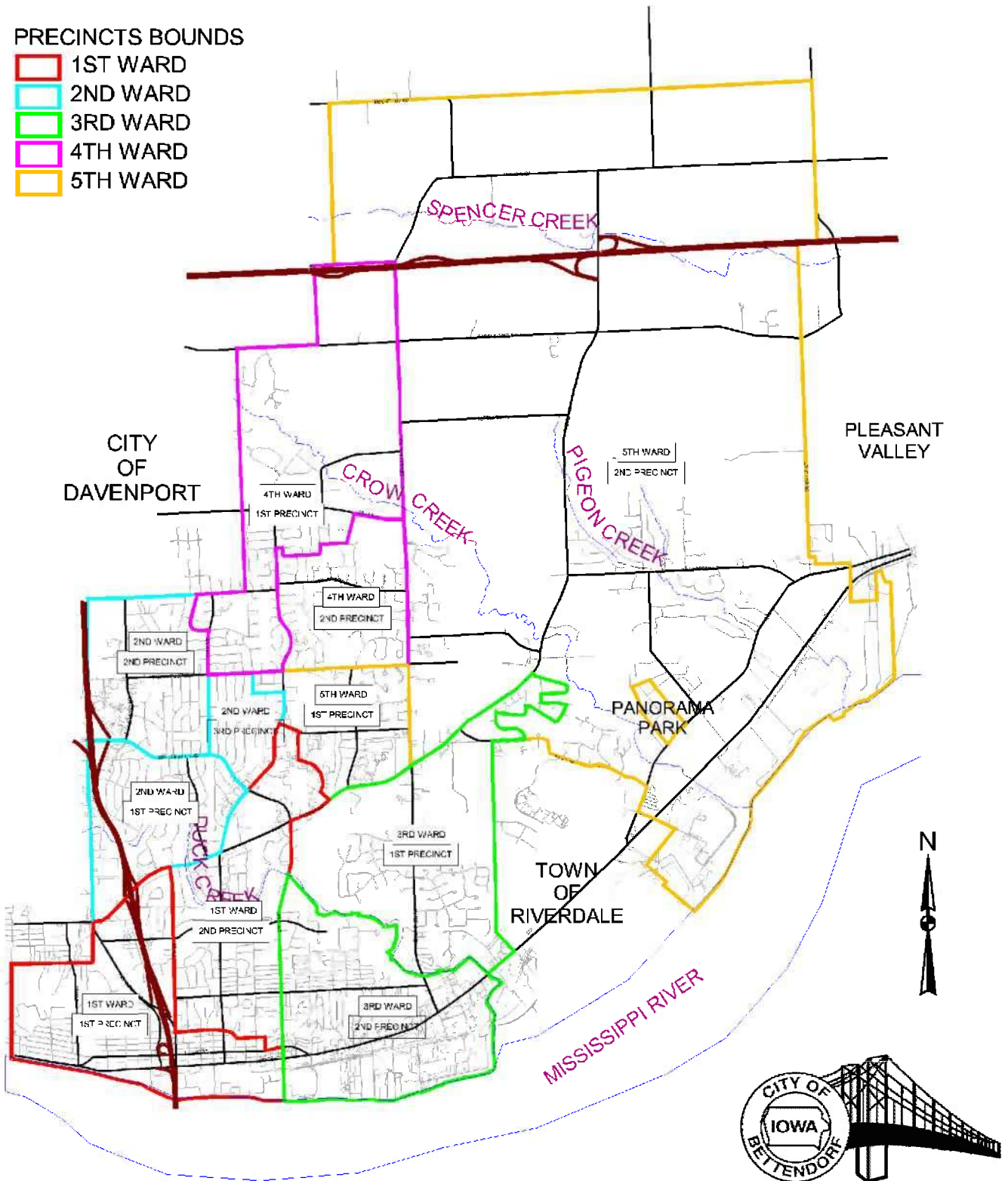
DEPARTMENT HEADS

Carol A. Barnes Finance Director
Brant Carius Human Resources Director
Faye E. Clow Library Director
Steven M. Grimes Parks & Recreation Director
Gregory S. Jager City Attorney
Tracey K. Kuehl Family Museum of Arts & Science Director
Wallace C. Mook Public Works Director
Philip J. Redington Police Chief
Steven J. Van Dyke Community Development Director
Gerald A. Voelliger, Jr. Fire Chief

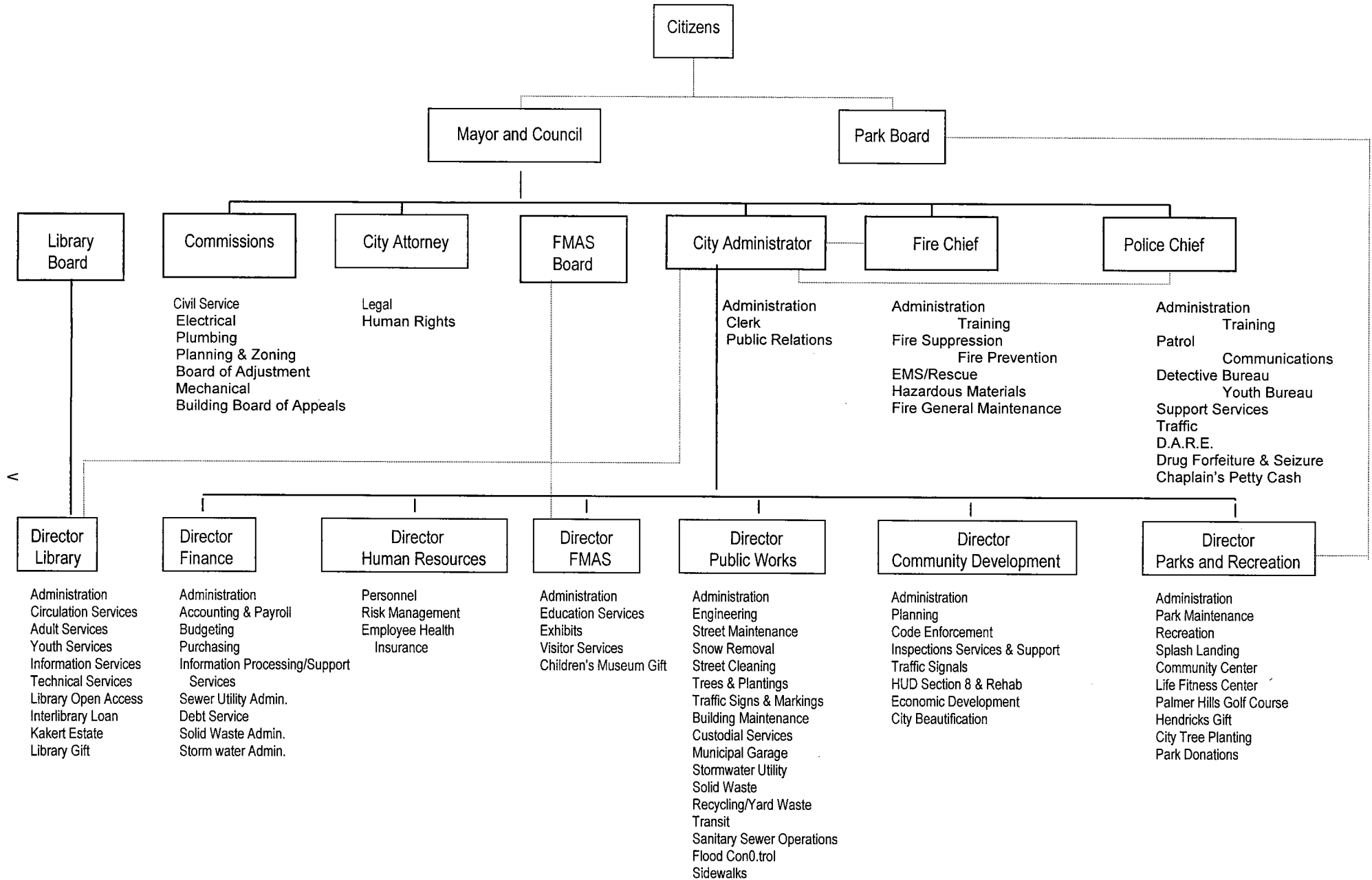
City of Bettendorf Ward and Precinct Map

PRECINCTS BOUNDS

- 1ST WARD
- 2ND WARD
- 3RD WARD
- 4TH WARD
- 5TH WARD



City of Bettendorf Organizational Structure



October 29, 2004

To the Citizens, Honorable Mayor, and
Members of the City Council

City of Bettendorf, Iowa

The Comprehensive Annual Financial Report (CAFR) of the City of Bettendorf, Iowa, for the fiscal year ended June 30, 2004, is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Bettendorf. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

Chapter 384 of the Iowa State Code requires an annual audit of the financial condition and financial transactions of the City. The City has complied with this requirement and has prepared its CAFR in the format recommended by the Government Finance Officers Association.

The CAFR is organized into four sections: Introductory, Financial, Statistical, and Compliance. The introductory section, which is unaudited, includes a list of the City's principal officials, an organizational chart, the table of contents and this transmittal letter. The financial section includes the independent auditor's report, the management's discussion and analysis, basic financial statements and notes thereto, and combining statements for non-major funds and other schedules that provide detailed information relative to the basic financial statements. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

The final section, on compliance, provides additional reports of our auditors required by *Government Auditing Standards*. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, the independent auditor's report on internal control over financial reporting, and the report on compliance with requirements applicable to major federal programs and internal control over compliance, is contained under the compliance section of the report.

The Reporting Entity and Its Services

The CAFR includes all funds of the primary government, City of Bettendorf, its blended component unit, the Bettendorf Housing Authority, and its discretely presented component unit, the Learning Campus Foundation. Component units are legally separate entities for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Blended component units, although legally separate entities are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Bettendorf Housing Authority, which oversees the Housing and Urban Development rent subsidy program, is reported as a special revenue fund of the primary government under the City's Housing and Urban Development Section 8 Fund. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Learning Campus Foundation is reported as a discretely presented component unit. The Foundation was established to organize, sponsor and maintain a program for providing independent financial support to supplement the financing of the Learning Campus of the City of Bettendorf.

The City provides a full range of services to its residents, including the traditional municipal functions of police and fire protection; sanitation services; park and recreational programs and facilities; construction and maintenance of infrastructure, including streets, roads, bridges, and sewer and storm water utilities; enforcement of building code regulations; traffic control; mass transportation; housing services; economic and community development; general administrative services; and one public library. The City also provides cultural opportunities through the Family Museum of Arts and Science.

Governmental Structure, Local Economic Condition and Outlook

History: Bettendorf lies in the original Wisconsin Territory, purchased from the Sauk and Fox Indians in the Black Hawk War of 1832. The original town was named Lillienthal and renamed Gilbert in 1858, honoring Elias Gilbert who originally plotted the town, at that time. The predominately German residents were farmers, skilled laborers and small business operators.

At the turn of the century, William and Joseph Bettendorf moved their iron wagon business to Gilbert in exchange for the city purchasing the old Gilbert farm as a location for the Bettendorf's factory. In a pioneering example of economic development, the land was provided, the factory was built and hundreds of jobs were created. On June 5, 1903, the town of 440 residents petitioned for incorporation, requesting the town name be changed to Bettendorf to honor the brothers whose factory was so important to the early development of the city.

Governing Body and City Administrator: Bettendorf has a Mayor and a seven-member City Council, one for each of the five wards, and two at large members are elected for four-year terms on a staggered basis. Together, they form the law-making, policy-forming body, and are responsible for selecting a City Administrator to handle the day to day operations of government. All departments and department heads report to the City Administrator, with the exception of the Library Director who is supervised by an appointed Board of Trustees, and the City Attorney, who is recommended by the Mayor and approved by the Council.

Property Tax: The City is empowered to levy a tax on real property located within its boundaries. Current taxes of \$13,045,163 representing 99.29% of the tax levy were collected during fiscal year 2004.

Allocation of Property Taxes: The revenue received from current and delinquent tax collections is distributed between the General Fund, special revenue funds and Debt Service Fund in the amount of \$13,084,732 for FY 2003/04. The allocation of taxes by fund is established when the budget is adopted. The allocation of property tax revenues by purpose for fiscal year 2004 is shown in the following table:

Purpose	FY 2003 Collections
General Fund – general operations	\$7,086,844
General Fund - liability insurance & worker's compensation	293,402
Debt Service Fund – principal & interest	4,376,332
Employee Benefits Fund – Police & Fire Pension	216,513
Employee Benefits Fund – Health Insurance	1,111,641

Location and Population: Bettendorf, Iowa is one of the principal cities within the Quad Cities, a metropolitan area of nearly 360,000 located along the Mississippi River in eastern Iowa and western Illinois. Bettendorf is at the intersection of the nation's busiest interstate highway (Interstate 80) and its largest river – the majestic Mississippi. These transportation elements have helped create a broad based economy. Of the fifteen largest cities in the State of Iowa, Bettendorf was the third fastest growing city in the state with an 11.2% growth rate from 1990 to 2000. Citizenry grew by 3,143 to a total count of 31,275.

Employment Data: Historically, the Quad-Cities have been known as an industrial, retail/service and transportation center. In the last twenty years the economy has shifted, showing a decline in the number of manufacturing sector jobs. In 1980, 30% of the area jobs were in manufacturing and 53% in the service sector. In recent years, those employment numbers have changed to 13.5% manufacturing, 70.5% service sector and the portion of government sector jobs has remained fairly even at 16%.

The annual average labor force in the Quad-Cities MSA was 186,976 in 2003, which was a 5.4% increase from the 1980 figure of 177,383. The annual average labor force for Scott County was 86,770 in 2003, which was a 15.5% increase over the 1980 annual average labor force of 75,100 for the County. In 1980, the unemployment rate for the Quad –Cities was 6.7%. During the years 1980-2000, the unemployment figures for the Quad-Cities MSA hit a high of 14.8% in 1983. Unemployment has steadily declined in Bettendorf since the mid-eighties with an unemployment rate of only 3.1% in October 2004. This is the lowest in the Quad Cities MSA which averaged 4.5% and is well below the national average of 5.4% for the same period. This reduction in unemployment is attributed, in part, from the creation of jobs in the service sectors and the manufacturing of non-durable goods. The total number of jobs in Bettendorf has been growing since the mid-eighties and of the approximate 17,300 persons in the current labor force, 16,616 were employed during fiscal year 2004. Today, Bettendorf's retail market generates \$259.6 million in annual sales.

New Housing Starts: Construction of new homes in Bettendorf has been very strong over the last decade but weakening over the last two years. This is thought to be a short-term issue with the national economy in a downturn and with a shortage of lots on which to build houses in Bettendorf. During fiscal year 2004, 1,342 building permits were issued for investment in new construction and renovation totaling \$ 60,956,350. The average selling price for a new or existing home in Bettendorf averaged \$202,900 for the calendar 2004 year, while in Davenport it averaged \$113,900 for the same time period. Over the last decade 1,639 dwelling units have been constructed within Bettendorf City limits.

Citizen Profile: The profile of our citizens also lends to our economic strength. Sixty percent of our population is 20 to 64 years of age. Twenty-two percent of the Bettendorf households have incomes of \$35,000-\$50,000 and thirty-six percent have incomes over \$50,000. While only ten percent of our population is over 64 years of age, Bettendorf has responded to a metropolitan need for retirement housing. Two retirement projects catering to the needs of our growing senior population were constructed in the past 5 years: the Cumberland House with 32 units and Palmer Hills with 149 units.

Education: There are two public school systems serving the City of Bettendorf. The Bettendorf Community School District has six elementary schools, one middle school and one high school. The Pleasant Valley Community School District has four elementary schools, a junior high and one high school. There are also two private schools in Bettendorf: Lourdes Catholic elementary school serves a pre-kindergarten through grade eight-enrollment, Rivermont Collegiate, an independent college preparatory day school, provides a preschool through grade 12 enrollment. The City's school districts consistently rank in the top ten school districts in the state. 92.7% of Bettendorf's population over the age of 25 have graduated from high school or have attained higher education or degrees compared to the national average of 80.3%.

The Eastern Iowa Community College District provides a comprehensive adult educational program and enrolls approximately 7,500 students each year from Clinton, Muscatine and Scott Counties. Other institutions of higher education in the immediate area include: Augustana College in Rock Island; St. Ambrose University in Davenport; Western Illinois University offers junior and senior level courses at its Quad Cities Center in Moline, Illinois; Palmer College of Chiropractic in Davenport; and the Quad Cities Graduate Studies Center located at Augustana College in Rock Island.

Economic Development: In support of existing businesses, and to attract businesses from outside the region, the City's Community Development Department administers a Tax Increment Financing (TIF) program. Bettendorf's economic development programs now include a total of nine TIF districts.

With the assistance of the Mayor, City Council and the Bettendorf Development Corporation, the City is undertaking the large effort of redeveloping our riverfront-downtown corridor. Discussions have resulted in the development of a conceptual plan which is now being utilized as a marketing tool to attract the various elements of the desired plan. To date 8 of the 10 parcels have been acquired and offers are pending with two additional properties. Recently a contract was completed in demolishing 5 of the buildings purchased. In Phase I, \$50 million of improvements are expected within the next two years. In all, \$80 million worth of improvements are scheduled for the downtown and would take place in three phases over a 15-year period.

The City's Community Development Department also provides coordination with other governmental and private efforts, including: Iowa Department of Economic Development, Iowa Department of Transportation, Eastern Iowa Community College District, MidAmerican Energy Company, Quad City Development Group, Bi-State Regional Commission and the Bettendorf Development Corporation. The Bettendorf Development Corporation (BDC) was established by several leading businessmen in the community and has received financing from several area businesses. The BDC is a private, non-profit organization designed to be an intermediary between the public and private sectors as necessary in order to assist in accomplishing high-quality development of industrial and commercial areas. Over the last five years the BDC has raised and spent \$1 million in implementing projects in nine commitment areas throughout Bettendorf. In the very near future they will go back out for a \$2 million campaign to continue the process.

Major Projects and Developments: A recent report developed for the community concerning the progress that has taken place over the last five years entitled "Invest in Our Future – The Last Five Years" tells a great story of what has taken place for overall development in nine Corridors of Opportunity in the City. The nine corridors are listed below along with the development that has occurred.

- Riverfront – Downtown: By far the biggest improvement in this corridor has been the tourism related construction of the Isle of Capri Casino Hotel along with the accompanying parking ramp and overpass. Total cost was \$30 million. The addition of gaming to the State of Iowa economy has resulted in what was originally hoped for, permanent structures and tourists from outside a 50 mile radius and from outside the State of Iowa. Significant steps have recently taken place to achieve the next phase of the redevelopment process entitled RiversEdge. A 40,000 square foot conference center along with a hotel expansion of 250 rooms, a 500 stall parking ramp and a skywalk to connect the proposed development to the existing facilities is closing in on the financing to make this \$50 million addition a reality. In other efforts two local developers have begun construction of three buildings totaling \$4.5 million and an area wide real estate agency will begin shortly to construct offices for their newest undertaking.
- I-80 & Middle Road: This area, which had been tabbed as a longer-range development goal, did receive significant infrastructure improvements over the last two years which will improve its development potential. Iowa American Water Company constructed both a \$4.5 million water reservoir and a \$1.5 million water main extension that will serve the northeastern half of Bettendorf. In addition C.S. Technologies signed a 15-year lease with the City of Bettendorf to provide a community-wide multi-redundant fiber optic network for broadband access to the Internet for businesses who need this capability. Marketing for this asset enjoyed by very few communities within the United States will begin shortly.
- Golden Triangle: Other than the downtown and the Kimberly Road Corridor, this area continues to see more development than other areas of the community. In addition to the previously mentioned \$11 million of development that has occurred over the last five years, new commercial and residential developments are moving forward through the review process and will add another \$7 million to the city's assessed value.
- Riverside Development Park: Industrially this area blossomed quite nicely over the last five years. Olympic Steel, Grafco and Greystone Plastics brought over 300,000 square feet of buildings to the City. In addition, expansions totaling 100,000 square feet took place between LeClaire Mfg. and John M. Frey. Lastly, the industrial park did so well the City sold the remaining undeveloped ground to the Kansas City Life Insurance Company on which a 60,000 square foot speculative building now sits. In all, almost \$16 million in development occurred.

- Kimberly Road: The \$30 million redevelopment of this area is about to reach a successful conclusion. To date a Walgreens drug store, a McDonalds restaurant, Marshalls department store, a Home Depot hardware store plus many other smaller in-line retail stores are now complete and opened. Currently under construction is the last phase of the project which features a Schnucks grocery store. Sights are now set on performing the same type of rejuvenation across the street and just south of Duck Creek Plaza. Private sector developers are currently in the land assembly stage.
- Center Pointe: In the heart of the developed portion of Bettendorf, this area is beginning to see some expansion in the few areas that remain vacant. Currently, two new commercial buildings valued at \$4 million have been constructed and are over 75% leased. The City of Bettendorf purchased a building formerly occupied by a grocery store that had relocated to another area of the city and has appointed a task force of private/public partners to determine its best use. The decision will be a significant one in that it is located on the city's very successful Learning Campus.
- State Street Industrial Area: This area of the city has been selected by the Bettendorf Chamber of Commerce as one of their top priorities. Redevelopment of stormwater and transportation infrastructure improvements is their main focus.
- Utica Ridge Road: Although not a taxable entity, Trinity Hospital has recently completed the construction of Bettendorf's first hospital. This \$70 million investment surely shows the entire Quad City Area where growth is occurring. To allow for increased traffic, significant improvements have been completed to the surrounding transportation system. Already, medical and commercial facilities are beginning to surround this natural draw.
- 53rd Avenue: One of the most significant City sponsored infrastructure improvements made in Bettendorf's recent history is the extension of 53rd Avenue from Devils Glen Road to Middle Road. This one-mile extension built for just over \$5 million opens up significant areas for development. Not only along the actual street, this extension allows one of the hottest areas in the entire Quad City market, 53rd Avenue at I-74, to reach east to the future of Bettendorf, the I-80 and Middle Road Corridor. Although not all residential development has occurred in this area, most of the \$135 million in housing growth over the last five years has. In addition, commercial development to serve Bettendorf's growing senior population is expanding with a \$7 million investment by Dial Highlands, LLC which encompasses a forty acre site that contains 43 single family villas, 20 duplexes, four 24 unit apartments and a 70,000 square foot assisted living center with 68 dwelling units. This area coupled with the I-80 and Middle Road area and its newly installed round-a-bout will continue to drive Bettendorf's future.

Total Market Valuation: The trends of market valuations is an important indicator of the economic health of any community or area. From 1990 until 2000 the total market valuation for all taxable properties in Scott County has grown from \$3.55 billion to \$4.37 billion, representing a 23% increase over a ten-year period. From 2000 until 2003 it has increased 26% to \$5.5 billion.

Transportation Network and Facilities: The Quad Cities are served by four interstate highways, five U.S. primary highways and an excellent secondary roads system. The expansion of U.S. 61 to four lanes from I-280 west to the county line has now been completed. There are more than 290 motor freight transporters which serve the area who can provide ready shipment of goods to regional markets in Chicago, St. Louis, Kansas City, Omaha and Minneapolis.

There are five major bridges crossing the Mississippi River in the Quad Cities. The three bridges near the city centers are reaching capacity for traffic and the Government Bridge is over 100 years of age. A study for the expansion of I-74 Bridge has been completed and is in the process of being implemented. Discussion and planning has also begun for a new bridge crossing the Mississippi River between Bettendorf and Moline. It can be expected to take 15 years or more before a project of this magnitude comes to fruition.

The regional airport for the Quad Cities is on the Illinois side of the river in Moline. The airport recently completed a new 65,000 square foot, \$17 million, terminal expansion. Currently seven major passenger airlines operate at this terminal, with nearly 60 arrivals and departures daily to nine major national hubs. Keeping the Quad Cities existing air service and having an opportunity to expand air service is a critical part of the economic development efforts of the area.

Conclusion: With the apparent improvement of the national economic indicators and the increase in consumer confidence the immediate outlook for the Quad Cities is positive. There have been some recent layoffs and production slow downs at some of the areas largest employers, while others have seen modest increases or have been hiring to replace retiring workers. Production capacity at the Rock Island Arsenal is increasing with the increasing need for vehicle armor and other munitions. Also, with interest and mortgage rates remaining low, building and construction activity is expected to remain steady. Economic development efforts for the Quad Cities continues to try to diversify the economy, while taking advantage of its unique location on major transportation corridors and the tremendous asset of the Mississippi River.

The City will continue to be challenged to maintain its viability through greater economic development efforts, fiscal restraint in local government, and a renewed spirit of cooperation among local government officials. Fortunately, the City's current fund balances remain at adequate levels which offer the Mayor and Council some flexibility in their decision making process. We are confident that the City of Bettendorf is posturing itself through effective long-term financial planning to better meet the needs of the community in the future while increasing financial strength and stability.

Major Initiatives

For the Year ended June 30, 2004: Major items reflected in the operations for the June 30, 2004 fiscal year include:

- Maintained basic City service levels despite continued revenue shortfalls in interest income, sales tax and hotel/motel tax. By the end of the year, all fund balances continued to be adequately maintained as a result of conservative spending and cost containment efforts city-wide. The Mayor and City Council addressed the difficult economic year by implementing "long-term" solutions when possible. During FY 2003/04, the Council raised the levy rate on property taxes for the first time in 12 years, supplemented operating budgets with gaming revenue, eliminated several existing city programs, implemented user fees for garbage and storm water, implemented health insurance premium pay for non-union employees, and froze operating budgets.
- Construction was completed on "Duck Creek Plaza" properties that will welcome Home Depot, Walgreens and Schnucks Grocery.
- Grand opening of Trinity Hospital & the adjoining Medical Offices.
- Implemented a new automated circulation system at the City's Public Library, as well as, began a new joint online reference service in cooperation with Illinois libraries.
- Enhancing marketing efforts for Economic Development within the City.
- Provide wireless Internet access throughout the City's Public Library.
- Signed updated Mutual Aid Agreement with all Quad City Area fire departments.
- Development and implementation of Storm Water Utility & Ordinances and establishment of fees.
- Implementing a traffic safety program at high volume intersections concerning red light violations and other traffic safety concerns.
- Creating an Iowa Citizens Academy Alumni volunteer group to assist the police department in doing more with less full-time employees.
- Implementing a directed patrol program to focus on crime, traffic and quality of life issues within the City.

- Finalizing the Palmer Hills Golf Course Clubhouse Project. Funding should be secured by January 2005, with hopes of construction beginning the fall of 2005.
- The River Drive Recreation Trail acquisitions have been completed and the project is slated to be bid out in March 2005 with a projected June 2005 completion date.
- The Veterans Memorial at the Bandshell area was completed by a group of Veteran organizations and the south half of Middle Park was renamed officially as Veterans Memorial Park.
- Health insurance bid process for the 2004 plan year. This bid process coupled with the provision to move prescription costs out of the spec premium led to a 3% decrease in the annual renewal. This renewal was \$400,000 under the budgeted amount for renewal.
- Payrolling all part-time seasonal employees through a temp agency. This process will eliminate the administrative time associated with hiring and processing paperwork and payroll for these employees, eliminate the work comp liability, eliminate the unemployment liability and eliminate the City's IPERS contributions.
- Negotiated and implemented plan design changes in the health plan that has saved 10% on all claims from the inception of the changes. These changes also were instrumental in the 3% renewal decrease for the 2004 plan year and we look for another favorable renewal for the 2005 plan year.
- Construction of more than \$5 million in capital projects encompassing streets, sanitary sewer, storm water and parks projects.
- Submitted an application to the State Community Attraction and Tourism Program Board for a \$5.4 million grant towards the City's \$56.8 million downtown RIVERSedge project.

For the Future

The Mayor and City Council and the City's management team of department heads hold planning sessions every year for the purpose of setting target issues and developing action plans to successfully complete goals as identified and prioritized. These "leadership workshops" help in continuing to build the policy team of the City Council, determining the future goals and direction for the City, refining the governance processes of the policy team, and on refining the tone for management and service delivery. The most recent leadership workshop was held during January 2004. The Policy Agenda outlined below will impact the budget decisions for FY 2004/05.

2004 MAYOR AND CITY COUNCIL POLICY AGENDA:

Top Priority:

- Downtown Development Agreement
- Solid Waste Collection: Direction
- Downtown Property Acquisition
- Budget 2004/05: Direction

High Priority:

- Joint Service Strategy with surrounding communities
- Performing Arts Theater - Direction
- Paving Program
- Zoning Revision

2004 Management Agenda:

Top Priority:

- Duck Creek Redevelopment
- Business Retention & Growth Strategy
- Economic Development Plan
- I-74 Bridge

High Priority:

- Bike Path
- Stormwater Management Implementation
- Department Plans

Following the process of identifying annual goals and policy agenda priorities, detailed action plans are developed to address all policy agenda priorities. Specific departments are identified in the action plan which are responsible to carry out each action step. The status on these action plans are reviewed quarterly by the Council with the City Administrator and Department Heads.

Preliminary assessed valuations from the County Assessor indicates that modest growth will be available in the property tax base for next fiscal year due to current state imposed rollback limitations on residential property taxable valuations and reductions in agricultural land taxable valuations which are based on five-year productivity averages. It is noted that the legislature is currently reviewing the existing property tax system for possible changes. There is a property tax implementation committee currently developing a new system for the legislators' review next year. Any new system would not be implemented until fiscal year 2008.

None of the four City labor union contracts are up for renegotiations for fiscal year 2005/06. Increases in wages, health care costs, workers compensation, police & fire pension, as well as, economic impacts on other non-tax revenues such as lower interest income will all add to the challenge of presenting a balanced budget for next fiscal year.

Financial Information

Management of the City is responsible for establishing and maintaining an internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit: As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management of the City.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control, including that portion related to federal awards, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for fiscal year ended June 30, 2004 provided no instances of material weaknesses in the internal control or significant violation of applicable laws and regulations.

Budgeting Control: In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The State of Iowa requires the passage of an annual budget of total City operating expenditures by major program service areas. Activities of the General Fund, special revenue funds, Capital Projects Fund and Debt Service Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total program service area level. The City also maintains administrative budgetary control beyond the State required program service area level at the major object of expenditure basis within each City department.

Cash Management: The City maintains a cash and investment pool for all funds, with the exception of the Police Pension and Retirement Excess Fund, the Housing and Urban Development Fund (Section 8), the Bettendorf Fund and the Library Gift Fund. Cash resources have been pooled in order to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements.

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury, the Iowa Public Agency Investment Trust fund (IPAIT) and other obligations guaranteed by the United States or its Agencies. The City's written investment policy, adopted by the City Council, prioritizes the following goals: 1) safeguard investments, 2) provide for cash flow requirements, and 3) maintain a competitive yield on the portfolio. Accordingly, all deposits were insured by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds. Of the city's total investments, 72% were not subject to risk categorization as defined by the Governmental Accounting Standards Board.

Risk Management: The City's liability, property and workers' compensation claims, insurance and administration program is accounted for in an Internal Service Fund entitled Risk Management. The program involves various risk control techniques, including educational programs for employees to prevent accidents, and providing funds to meet loss situations which occur using a blend of internal and external funding resources. Internal funding of losses are represented by a claims retention program in which an assumption of appropriate deductibles are made. Deductible/retention levels are established annually, based on prior experience and applicable credits. The goals of the current risk management program are to lower long-term costs and to reduce dependence on the insurance market, which lessens the effect of annual rate increases and/or capacity crunches.

Independent Audit: The firm of McGladrey & Pullen, LLP has audited the financial statements of the City of Bettendorf as of and for the year ended June 30, 2004; their report is included in the financial section of the CAFR.

The financial statements are the responsibility of the City, while the independent audit firm expressed an opinion based on the audit of those financial statements. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Those standards require the audit to be planned and performed in a manner to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bettendorf, Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. This was the thirteenth consecutive year that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and are submitting it to GFOA to determine its eligibility to receive once more, their prestigious award.

Acknowledgments: The preparation of this report on a timely basis could not have been accomplished without our auditors from McGladrey & Pullen, LLP, Lori Ulloa, the City's Manager of Accounting and the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all those who assisted and contributed to its preparation accordingly.

We would also like to thank the Mayor, members of the City Council and the department heads for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. Their leadership is greatly appreciated.

Respectfully submitted,

Decker P. Ploehn
City Administrator

Carol A. Barnes
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bettendorf,
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Enen

Executive Director

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Bettendorf, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bettendorf, Iowa as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bettendorf, Iowa as of June 30, 2004, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 12, the City of Bettendorf, Iowa restated accumulated depreciation of governmental activities due to an error in the depreciation calculation.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13 and budgetary comparison information on pages 58 through 60 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Bettendorf, Iowa's basic financial statements. The combining nonmajor fund financial statements and other statements listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Nonprofit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Davenport, Iowa
October 29, 2004

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

As management of the City of Bettendorf, we offer readers of the City of Bettendorf's financial statements this narrative overview and analysis of the financial activities of the City of Bettendorf for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the City of Bettendorf exceeded its liabilities as of June 30, 2004 and 2003 by \$77,062,120 and \$68,091,032 (net assets), respectively. Of this amount, \$24,410,399 and \$18,816,981 (*unrestricted net assets*) respectively, may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$8,971,088 and \$4,398,430 during the years ended June 30, 2004 and 2003, respectively.
- As of June 30, 2004, the City of Bettendorf's governmental funds reported combined ending fund balances of \$24,678,930 an increase of \$1,541,873 in comparison with 2003. Approximately 55% of this total amount, \$13,523,098 is available for spending at the government's discretion (unreserved undesignated fund balance). As of June 30, 2003, The City's governmental funds reported combined ending fund balances of \$23,137,057, an increase of \$3,039,885 in comparison with 2002. Approximately 54% of this total amount, \$12,570,554, was available for spending at the government's discretion (*unreserved fund balance*).
- As of June 30, 2004, unreserved undesignated fund balance for the General Fund was \$4,445,838 or 33.5% of total General Fund expenditures and \$4,388,551 or 34.3% for 2003.
- The City of Bettendorf's total long-term debt, excluding compensated absences, increased by \$5,430,000 (9.1%) during fiscal year ended June 30, 2004 and \$3,951,818 (7.0%) during fiscal year ended June 30, 2003. The increase was mainly attributable to new bond issues in the current year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Bettendorf's basic financial statements. The City of Bettendorf's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Bettendorf's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Bettendorf's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Bettendorf is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

Both of the government-wide financial statements distinguish functions of the City of Bettendorf that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Bettendorf include public safety, public works, culture and recreation, community and economic development, and general government. The business-type activities of the City of Bettendorf include the sanitary sewer system, recycling and solid waste collection system, Family Museum of Arts & Science, Palmer Hills Golf Course, City recreation, Splash Landing Aquatic Center, stormwater utility and transit system.

The government-wide financial statements include the City of Bettendorf itself (known as the *primary government*). The financial statements also include the component units of the City of Bettendorf. These include the Bettendorf Housing Authority (blended component unit) and the Learning Campus Foundation (discretely presented component unit). These component units, although legally separate entities, are included in the City's reporting entity because of their significant operational or financial relationship with the City.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bettendorf, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bettendorf can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Bettendorf maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Tax Increment Fund, Debt Service Fund, and Capital Projects Reserve Fund, all of which are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Proprietary funds. The City of Bettendorf maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Bettendorf's various functions. The City of Bettendorf uses internal service funds to account for risk management, employee benefits, maintenance garage and information services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

The City of Bettendorf maintains eight enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Utility Fund, Family Museum of Arts & Science Fund and Stormwater Utility as these are considered to be major funds of the City of Bettendorf. Data from the other five enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Bettendorf's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one type of fiduciary fund: agency funds. The total assets held in the fiduciary funds as of June 30, 2004 were \$16,070.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The City's budgetary comparison schedule is presented as required supplementary information immediately following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and agency funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's total net assets have increased from a year ago from \$68,091,032 to \$77,062,120.

By far the largest portion of the City of Bettendorf's net assets (66.3 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Bettendorf uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bettendorf's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

	City of Bettendorf's Net Assets					
	Governmental Activities 2004	Governmental Activities 2003	Business-Type Activities 2004	Business-Type Activities 2003	Total 2004	Total 2003
Current and other assets	\$ 46,308,608	\$ 43,697,623	\$ 11,579,332	\$ 6,062,386	\$ 57,887,940	\$ 49,760,009
Capital assets	74,262,555	69,128,765	30,871,986	29,417,659	105,134,541	98,546,424
Total assets	120,571,163	112,826,388	42,451,318	35,480,045	163,022,481	148,306,433
Noncurrent liabilities	45,490,496	48,699,601	7,802,091	6,001,726	53,292,587	54,701,327
Other liabilities	28,364,792	23,516,766	4,302,982	1,997,308	32,667,774	25,514,074
Total liabilities	73,855,288	72,216,367	12,105,073	7,999,034	85,960,361	80,215,401
Net assets:						
Invested in capital assets, net of related debt	24,868,920	19,103,899	26,438,117	24,148,187	51,307,037	43,252,086
Restricted	955,500	3,800,866	389,184	2,221,099	1,344,684	6,021,965
Unrestricted	20,891,455	17,705,256	3,518,944	1,111,725	24,410,399	18,816,981
Total net assets	\$ 46,715,875	\$ 40,610,021	\$ 30,346,245	\$ 27,481,011	\$ 77,062,120	\$ 68,091,032

An additional portion of the City of Bettendorf's net assets (1.7 percent for 2004 and 8.9 percent for 2003) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net* assets, \$24,410,399 for 2004 and \$18,816,981 for 2003, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City of Bettendorf is able to report positive balances in all three categories of net assets for the government as a whole.

The changes in net assets are highlighted in the following table which shows the City's revenues and expenses for the fiscal year. These two main components are subtracted to yield the change in net assets.

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions, and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

A summary of the City's changes in net assets follows:

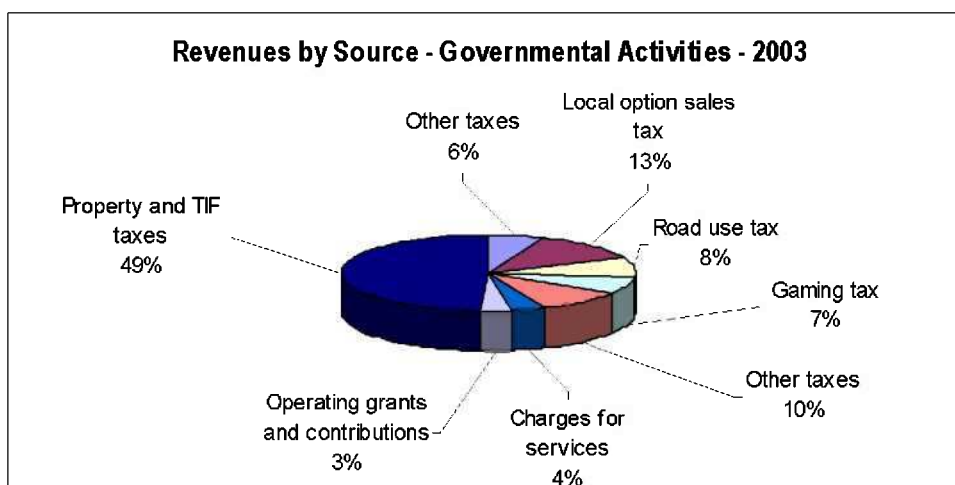
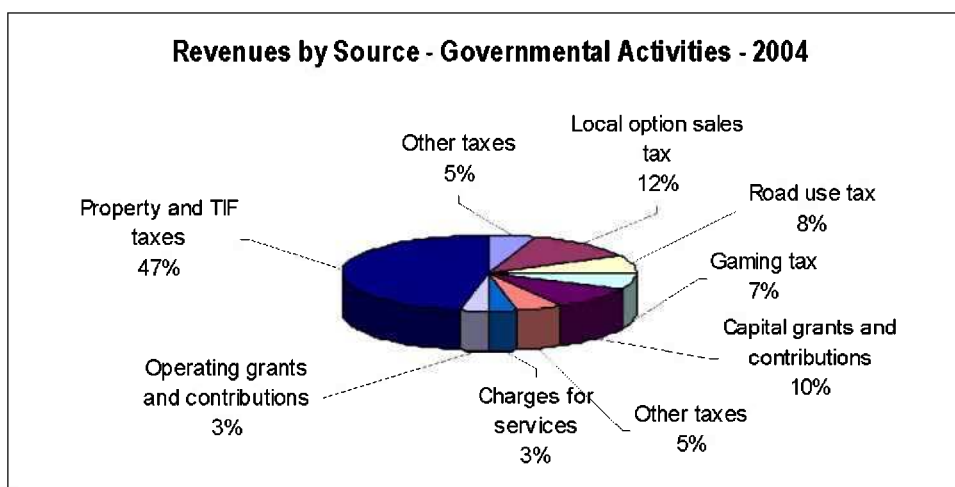
	City of Bettendorf's Changes in Net Assets					
	Governmental Activities 2004	Governmental Activities 2003	Business-Type Activities 2004	Business-Type Activities 2003	Total 2004	Total 2003
Revenues:						
Program revenues:						
Charges for services	\$ 1,129,275	\$ 956,510	\$ 5,330,272	\$ 4,951,669	\$ 6,459,547	\$ 5,908,179
Operating grants and contributions	979,697	1,147,151	307,875	369,324	1,287,572	1,516,475
Capital grants and contributions	3,154,039	74,078	2,071,145	59,250	5,225,184	133,328
General revenues						
Property taxes	13,277,584	14,828,828	-	-	13,277,584	14,828,828
Other taxes	12,656,371	10,241,103	-	-	12,656,371	10,241,103
State shared revenues	40,995	428,560	-	-	40,995	428,560
Investment earnings	469,300	684,132	32,562	86,640	501,862	770,772
Gain (loss) on sale of capital assets	-	313,878	-	(84,001)	-	229,877
Other	772,707	1,458,697	228,469	338,821	1,001,176	1,797,518
Total revenues	32,479,968	30,132,937	7,970,323	5,721,703	40,450,291	35,854,640
Expenses:						
Public safety	7,303,476	7,134,235	-	-	7,303,476	7,134,235
Public works	5,352,120	5,004,419	-	-	5,352,120	5,004,419
Culture and recreation	3,327,610	3,505,020	-	-	3,327,610	3,505,020
Community and economic development	1,258,610	1,126,101	-	-	1,258,610	1,126,101
General government	3,220,615	3,393,296	-	-	3,220,615	3,393,296
Interest on long-term debt	2,486,758	2,584,034	-	-	2,486,758	2,584,034
Sewer utility	-	-	2,517,148	2,773,237	2,517,148	2,773,237
Family Museum of Arts & Science	-	-	1,718,447	1,811,973	1,718,447	1,811,973
Aquatic Center	-	-	392,699	213,572	392,699	213,572
Recycling/solid waste management	-	-	1,343,683	1,383,575	1,343,683	1,383,575
Palmer Hills golf course	-	-	870,098	950,886	870,098	950,886
City recreation	-	-	759,493	804,775	759,493	804,775
Stormwater utility	-	-	120,494	26,743	120,494	26,743
Transit	-	-	807,952	744,344	807,952	744,344
Total expenses	22,949,189	22,747,105	8,530,014	8,709,105	31,479,203	31,456,210
Increase (decrease) in net assets before transfers	9,530,779	7,385,832	(559,691)	(2,987,402)	8,971,088	4,398,430
Transfers	(3,424,925)	(3,889,163)	3,424,925	3,889,163	-	-
Increase in net assets	6,105,854	3,496,669	2,865,234	901,761	8,971,088	4,398,430
Net assets, beginning	40,610,021	37,113,352	27,481,011	26,579,250	68,091,032	63,692,602
Net assets, ending	\$ 46,715,875	\$ 40,610,021	\$ 30,346,245	\$ 27,481,011	\$ 77,062,120	\$ 68,091,032

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004**

Total governmental activities' revenue for the fiscal year 2004 was \$32,479,968 and for 2003 was \$30,132,937. The largest single revenue source for the City was property and TIF taxes of \$15,181,670 for 2004 and \$14,828,828 for 2003. Property and TIF taxes increased by \$352,842 from 2003 (2.4 percent) and increased by \$862,550 (6.2 percent) from 2002. Most of the increase for 2004 is a result of increased property tax values and increases in tax increment financing. Most of the increase for 2003 is the result of an increase in taxes collected for the benefit of tax increment financing and a 3.0 percent increase in the assessed value of property.

Certain revenues are generated that are specific to governmental program activities. These totaled \$5,263,011 for 2004 and \$2,177,739 in 2003.

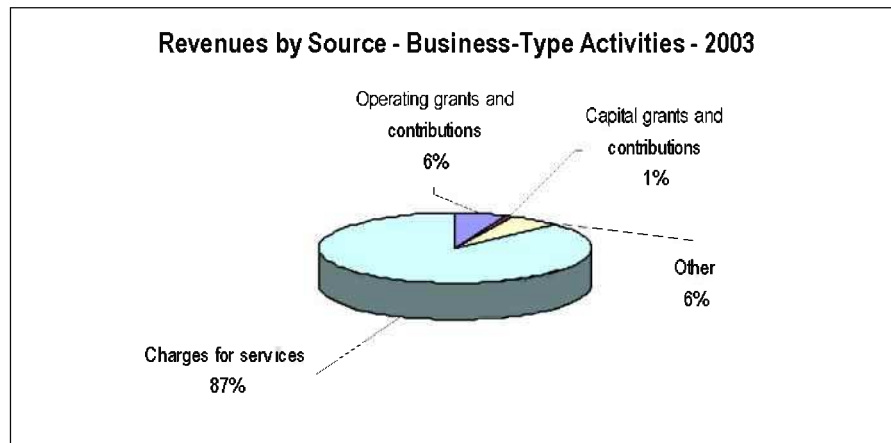
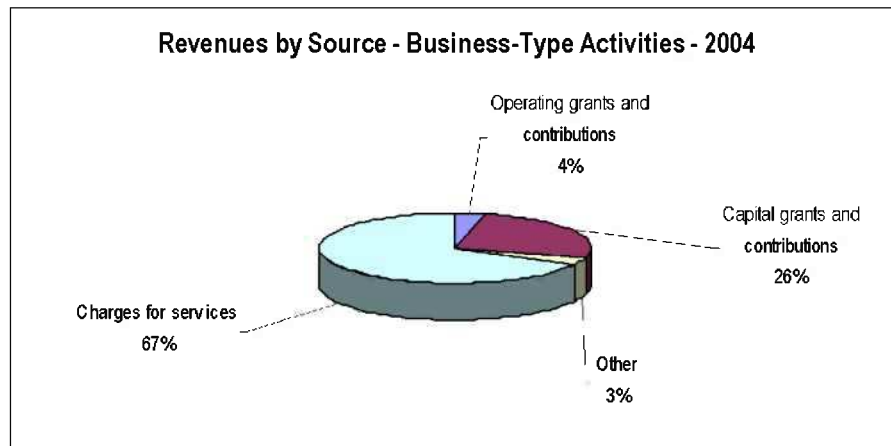
The graphs below show the percentage of the total governmental revenues allocated by each revenue type.



Total business-type activities' revenue for fiscal year 2004 was \$8,330,217 and for 2003 was \$5,721,703. All but \$261,031 for 2004 and \$341,460 for 2003 of this revenue was generated for specific business-type activity expenses.

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004**

The graphs below show the breakdown of revenues by source for the business-type activities.



Business-type activities. Business-type activities increased the City of Bettendorf's net assets by \$2,865,234 in 2004, accounting for 31.9 percent of the growth in the government's net assets. Key elements of this increase are as follows:

- The sewer utility recorded an increase of \$1,260,765 in net assets for the year. Of this amount, \$1,903,332 is the result of an increase in capital assets.
- The storm water utility recorded an increase of \$524,125 in net assets for the year. This increase was the result of the implementation of a storm water utility fee for all City property owners and the revenues associated with this fee.
- The Family Museum of Arts & Science recorded an increase of \$194,201 in net assets for the year.

For the fiscal year ended 2003, the Business-type activities increased the City's net assets by \$901,761, accounting for 20.0 percent of the growth in the government's net assets. Key elements of this increase are as follows:

- The Aquatic Center recorded an increase of \$1,055,269 in net assets for the year. This increase was the result of an increase in capital assets with the completion of Splash Landing.
- The sewer utility recorded a decrease of \$228,434 in net assets for the year. Of this amount, \$49,486 is the result of a decrease in capital assets.
- The Family Museum of Arts & Science recorded a decrease of \$232 in net assets for the year.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

Financial Analysis of the Government's Funds

As noted earlier, the City of Bettendorf uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Bettendorf's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Bettendorf's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2004, the City of Bettendorf's governmental funds reported combined ending fund balances of \$24,678,930, an increase of \$1,541,873 in comparison with 2003. Approximately 70.7 percent of this total amount (\$17,448,935) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (890,253), 2) to pay debt service (\$5,441,353), and 3) for a variety of other restricted purposes (\$898,389).

As of June 30, 2003, the City of Bettendorf's governmental funds reported combined ending fund balances of \$23,137,057, an increase of \$3,039,885 in comparison with the prior year. Approximately 72.0 percent of this total amount (\$16,647,291) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$1,294,902); 2) to pay debt service (\$3,800,866); and 3) for a variety of other restricted purposes (\$1,393,998).

The General Fund is the chief operating fund of the City of Bettendorf. The unreserved fund balance of the General Fund was \$4,445,838 for 2004 and \$4,388,551 for 2003, while total fund balance was \$4,527,844 for 2004 and \$4,483,686 for 2003. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. For 2004, unreserved fund balance represents 33.5 percent of total General Fund expenditures, while total fund balance represents 34.1 percent of that same amount. For 2003, unreserved fund balance represents 34.3 percent of total General Fund expenditures, while total fund balance represents 35.0 percent of that same amount.

The fund balance of the City of Bettendorf's General Fund increased by \$44,158 for 2004 and \$73,476 during 2003. The increase for 2004 is primarily the result of miscellaneous revenues and the increase for 2003 is primarily the result of other taxes and miscellaneous revenues being greater than projected.

The Tax Increment Fund (TIF) has a total fund balance of \$113,476 for 2004 and a deficit fund balance of \$432,504 for 2003. The net increase in fund balance during the current year in the Tax Increment Fund was \$545,980, due to the pay down of the amounts owed to the City that are being paid back each year.

The Debt Service Fund has a total fund balance of \$6,391,734 for 2004 and \$4,986,529 for 2003. The net increase in fund balance during the current year in the Debt Service Fund was \$1,405,205. This increase is primarily a result of GO bonds issued to refund debt in the following fiscal year.

The Capital Projects Fund has a total fund balance of \$3,243,542 for 2004 and \$4,047,871 for 2003, all of which is unrestricted for capital projects. The Capital Projects Fund had a net decrease in fund balance in the current year of \$804,329. The decrease in fund balance is primarily a result of completion of projects under construction that were incomplete from the previous year.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

Proprietary funds. The City of Bettendorf's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Utility were \$1,332,204 as of June 30, 2004 and \$202,046 as of June 30, 2003; those for the Family Museum of Arts & Science were \$16,045 for 2004 and \$69,506 for 2003; and those for the Stormwater Utility were \$658,031 and \$480,136 for 2004 and 2003, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Bettendorf's business-type activities.

Budgetary Highlights

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrual basis following required public notice and hearing. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay, business-type and non-program. Function expenditures/expenses required to be budgeted include expenditures for the General Fund, special revenue funds, Debt Service Fund, capital projects funds and permanent funds. The legal level of control is at the aggregated function level, not at the fund or fund type level. These budget amendments are reflected in the final budgeted amounts.

Differences between the original budget and the final amended budget for the City of Bettendorf can be summarized as follows:

- The total original revenue budget of \$44,297,922 was decreased to \$40,463,265 (a decrease of \$3,834,657).
- The total original expenditure budget of \$48,268,116 was increased to \$49,371,128 (an increase of \$1,103,012).
- The total original budget for other financing sources, net of \$3,500,000, did not change.

The above changes to budgets were related to appropriation for capital improvements and debt refinancing.

During the year, however, revenues were more than budgetary revenues by \$879,608. This was primarily attributable to contribution of capital assets and revenue in the sewer utility fund.

Expenditures were less than budgetary expenditures by \$4,597,370 primarily due to projects that were budgeted but incomplete in the capital outlay function and for expenditures that were less than budgeted in the sewer and storm water utility funds in the business-type function.

See the *Budgetary Comparison Schedule – All Governmental Funds and Proprietary Funds*.

Capital Asset and Debt Administration

Capital assets. The City of Bettendorf's investment in capital assets for its governmental and business-type activities as of June 30, 2004 and 2003, amounts to \$105,134,541 and \$98,546,424 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements and equipment and vehicles.

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

Major capital asset events during fiscal year ended June 30, 2004 included the following:

- Paving of 53rd Avenue, Devils Glen to Middle Road, \$1,796,238.
- Paving of Crow Creek Road and widening of Utica Ridge Road, \$1,652,468
- Acceptance of various residential developed streets, \$1,988,947.

Major capital asset events during fiscal year ended June 30, 2003 included the following:

- Paving of 53rd Avenue, Devils Glen to Middle Rd, \$900,645.
- Completion of the renovation of Splash Landing, \$1,384,914.
- Miscellaneous sanitary sewer projects, \$543,076.

Additional information on the City of Bettendorf's capital assets can be found in Note 3 of this report.

	City of Bettendorf's Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 6,642,420	\$ 5,694,737	\$ 1,664,615	\$ 1,571,015	\$ 8,307,035	\$ 7,265,752
Construction-in-progress	427,127	3,339,670	303,920	606,446	731,047	3,946,116
Buildings	19,627,365	18,808,558	15,068,967	14,816,977	34,696,332	33,625,535
Equipment and vehicles	12,557,746	12,211,658	8,225,995	7,258,952	20,783,741	19,470,610
Improvements other than buildings	77,016,497	68,257,074	31,145,846	29,104,681	108,162,343	97,361,755
Accumulated depreciation	(42,008,600)	(39,182,932)	(25,537,357)	(23,940,412)	(67,545,957)	(63,123,344)
Total	\$ 74,262,555	\$ 69,128,765	\$ 30,871,986	\$ 29,417,659	\$ 105,134,541	\$ 98,546,424

Long-term debt. As of June 30, 2004, the City of Bettendorf had total bonded debt outstanding of \$65,270,000. Of this amount, \$57,445,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Bettendorf's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

As of June 30, 2003, the City of Bettendorf had total bonded debt outstanding of \$59,840,000. Of this amount, \$49,485,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Bettendorf's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

	City of Bettendorf's Outstanding Debt General Obligation and Revenue Bonds					
	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 47,484,239	\$ 45,726,790	\$ 9,960,761	\$ 3,758,210	\$ 57,445,000	\$ 49,485,000
Revenue bonds	6,565,000	7,225,000	1,260,000	3,130,000	7,825,000	10,355,000
Total	\$ 54,049,239	\$ 52,951,790	\$ 11,220,761	\$ 6,888,210	\$ 65,270,000	\$ 59,840,000

The City of Bettendorf's total debt increased by \$5,430,000 (9.1 percent) during the current fiscal year. The key factor in this increase was a general obligation bond issuance (\$7,650,000) for various public improvements and sewer and stormwater improvements. The City also issued \$7,160,000 in general obligation refunding bonds in a crossover refunding to be used to refund in advance part of the City's general obligation bonds, Series, 1995A.

During 2003, the City's total debt increased by \$3,905,000 (7.0 percent). The key factor in this increase was a general obligation bond issuance (\$4,080,000) for the City of Bettendorf's capital improvements program and economic development projects. The government also issued general obligation refunding bonds (\$2,840,000) and sewer revenue refunding bonds (\$1,515,000).

City of Bettendorf, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2004

During 2003, the government refinanced some of its existing debt to take advantage of favorable interest rates.

- Series 1992 Sewer Revenue Bonds
- Series 1993 General Obligation Bonds
- Series 1993 Sewer Revenue Bonds

The City of Bettendorf maintains an Aa3 rating from Moody's Investors Service for general obligation debt. The revenue bonds have been rated A2 by Moody's Investors Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuation. The debt limitation for the City of Bettendorf for 2004 was \$106,900,224 and for 2003 was \$95,935,360, which is significantly in excess of the City of Bettendorf's outstanding general obligation debt of \$57,445,000 and \$49,485,000 for 2004 and 2003, respectively, and other debt subject to the debt limitation of \$6,565,000 and \$7,225,000, respectively.

Additional information on the City of Bettendorf's long-term debt can be found in Note 4 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property taxes continue to be the major revenue source for the City of Bettendorf. In fiscal year 2004/2005, property taxes will represent 33.4% of total City operating revenues, net of transfers and bond proceeds. This compares to 30.7% five years ago in fiscal year 2000/2001. This increased reliance on property tax revenue is the result of other revenue streams either decreasing or remaining flat due to the current economy, especially lower interest rates. In addition, the City incurred a permanent reduction in state funding during fiscal year 2003/2004 that equates to an annual loss of \$570,000 that is now being paid through local property taxes. The City has aggressively been establishing user fees in eight enterprise funds to help offset the cost of the City providing services to citizens when feasible.
- The City Council increased the levy rate \$.50 per \$1,000/assessed valuation to \$12.35 to balance the fiscal year 2004/2005 budget, as a direct result of the state of Iowa reducing funding to the City. This new levy rate will generate \$14.56 million in property taxes for fiscal year 2004/2005. The City's tax base has increased at an average rate of 2.64% annually over the past ten years. This relatively small annual increase is due in part to the state phasing out machinery and equipment assessments. Residential taxable valuations also reflect a state imposed rollback computation, currently at 48.36% of fair market value. For fiscal year 2004/2005, the City's total taxable valuation base amount of \$1,159,280,146 reflects a 6.9% increase from last year. Even with the state residential rollback, new construction and market valuation growth resulted in a 3.3% overall increase in total residential taxable values. The residential class of property represents 68.4% of the City's total tax base.
- Relatively favorable employment opportunities throughout the bi-state Quad Cities area continue to foster moderate city population and tax base growth. Overall, the City will collect \$14,560,266 in property taxes in fiscal year 2004/2005 which is 10.8% more than fiscal year 2003/2004 taxes of \$113,140,588.

All of these factors were considered in preparing the City of Bettendorf's budget for fiscal year 2005.

Requests for Information

This financial report is designed to provide a general overview of the City of Bettendorf's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Carol Barnes, Finance Director, City of Bettendorf, 1609 State Street, Bettendorf, Iowa 52722.

City of Bettendorf, Iowa

Statement of Net Assets
June 30, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Learning Campus Foundation
Assets				
Current assets:				
Cash and investments	\$ 21,020,975	\$ 6,876,381	\$ 27,897,356	\$ 1,182,662
Restricted cash	4,485,853	2,621,549	7,107,402	-
Receivables:				
Property taxes	17,272,712	-	17,272,712	-
Accounts and unbilled usage	265,085	1,195,608	1,460,693	81
Accrued interest	25,244	1,290	26,534	-
Special assessments	73,352	104,572	177,924	-
Loans, net of allowance for uncollectibles				
of \$951,717	40,620	-	40,620	-
Internal balances	777,096	(777,096)	-	-
Due from other governments	1,199,189	1,047,047	2,246,236	-
Inventories	15,591	-	15,591	11,223
Prepaid items	6,489	-	6,489	-
Total current assets	45,182,206	11,069,351	56,251,557	1,193,966
Noncurrent assets:				
Restricted cash and investments	955,500	366,200	1,321,700	-
Bond discounts	74,730	78,786	153,516	-
Bond issuance costs	96,172	64,995	161,167	-
	1,126,402	509,981	1,636,383	-
Capital assets:				
Nondepreciable:				
Land	6,642,420	1,664,615	8,307,035	-
Construction-in-progress	427,127	303,920	731,047	-
Depreciable:				
Buildings and structures	19,627,365	15,068,967	34,696,332	-
Equipment and vehicles	12,557,746	8,225,995	20,783,741	-
Improvements other than buildings	77,016,497	31,145,846	108,162,343	-
Accumulated depreciation	(42,008,600)	(25,537,357)	(67,545,957)	-
Net capital assets	74,262,555	30,871,986	105,134,541	-
Total noncurrent assets	75,388,957	31,381,967	106,770,924	-
Total assets	\$ 120,571,163	\$ 42,451,318	\$ 163,022,481	\$ 1,193,966

See Notes to Basic Financial Statements.

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Learning Campus Foundation
Liabilities				
Current:				
Accounts payable	\$ 764,011	\$ 226,252	\$ 990,263	\$ 13,851
Claims payable	188,564	-	188,564	-
Compensated absences	178,903	44,670	223,573	-
Accrued liabilities	293,874	92,359	386,233	-
Due to other governments	59,127	166,994	226,121	-
Interest payable	230,335	53,372	283,707	-
Contracts payable	581,197	181,500	762,697	-
Deferred revenue	17,031,616	-	17,031,616	10,000
Current maturities, revenue bonds	700,000	250,000	950,000	-
Current maturities, general obligation bonds	8,337,165	3,287,835	11,625,000	-
Total current liabilities	28,364,792	4,302,982	32,667,774	23,851
Noncurrent:				
Compensated absences	477,271	119,165	596,436	-
Revenue bonds, net of current maturities	5,865,000	1,010,000	6,875,000	-
General obligation bonds, net of current maturities	39,147,074	6,672,926	45,820,000	-
Bond premium	1,151	-	1,151	-
Total noncurrent liabilities	45,490,496	7,802,091	53,292,587	-
Total liabilities	73,855,288	12,105,073	85,960,361	23,851
Net Assets				
Invested in capital assets, net of related debt	24,868,920	26,438,117	51,307,037	-
Restricted for:				
Bond ordinance reserves	955,500	389,184	1,344,684	-
Restricted by grantors	-	-	-	84,185
Unrestricted	20,891,455	3,518,944	24,410,399	1,085,930
Total net assets	46,715,875	30,346,245	77,062,120	1,170,115
Total liabilities and net assets	\$ 120,571,163	\$ 42,451,318	\$ 163,022,481	\$ 1,193,966

City of Bettendorf, Iowa

**Statement of Activities
For the Year Ended June 30, 2004**

Programs/Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Public safety	\$ 7,303,476	\$ 11,092	\$ 247,255	\$ 178,858
Public works	5,352,120	36,529	64,488	2,975,181
Culture and recreation	3,327,610	200,574	126,257	-
Community and economic development	1,258,610	800,999	541,697	-
General government	3,220,615	80,081	-	-
Interest on long-term debt	2,486,758	-	-	-
Total governmental activities	22,949,189	1,129,275	979,697	3,154,039
Business-type activities:				
Sewer utility	2,517,148	2,274,583	-	1,479,351
Family Museum of Arts & Science	1,718,447	583,961	58,244	-
Aquatic Center	392,699	193,670	-	-
Recycling/solid waste management	1,343,683	412,341	-	-
Palmer Hills Golf Course	870,098	678,770	-	-
City recreation	759,493	711,827	-	-
Stormwater utility	120,494	440,008	-	-
Transit	807,952	35,112	249,631	591,794
Total business-type activities	8,530,014	5,330,272	307,875	2,071,145
Total primary government	\$ 31,479,203	\$ 6,459,547	\$ 1,287,572	\$ 5,225,184
Component unit, Learning Campus Foundation				
Foundation	\$ 198,123	\$ 26,865	\$ 215,440	\$ -

General Revenues

Taxes:

Property taxes

Local option sales taxes

Other taxes

Gaming tax

Road use tax

Franchise tax

State replacement tax credits

State shared revenues, unrestricted

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Changes in net assets

Net assets, beginning of year, as restated

Net assets, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets				
Governmental Activities	Business-Type Activities	Total	Component Unit	
\$ (6,866,271)	\$ -	\$ (6,866,271)	\$ -	
(2,275,922)	-	(2,275,922)	-	
(3,000,779)	-	(3,000,779)	-	
84,086	-	84,086	-	
(3,140,534)	-	(3,140,534)	-	
(2,486,758)	-	(2,486,758)	-	
(17,686,178)	-	(17,686,178)	-	
-	1,236,786	1,236,786	-	
-	(1,076,242)	(1,076,242)	-	
-	(199,029)	(199,029)	-	
-	(931,342)	(931,342)	-	
-	(191,328)	(191,328)	-	
-	(47,666)	(47,666)	-	
-	319,514	319,514	-	
-	68,585	68,585	-	
-	(820,722)	(820,722)	-	
(17,686,178)	(820,722)	(18,506,900)	-	
-	-	-	44,182	
13,277,584	-	13,277,584	-	
3,780,399	-	3,780,399	-	
3,610,805	-	3,610,805	-	
2,273,158	-	2,273,158	-	
2,619,144	-	2,619,144	-	
352,434	-	352,434	-	
20,431	-	20,431	-	
40,995	-	40,995	-	
469,300	32,562	501,862	70,988	
772,707	228,469	1,001,176	-	
(3,424,925)	3,424,925	-	-	
23,792,032	3,685,956	27,477,988	70,988	
6,105,854	2,865,234	8,971,088	115,170	
40,610,021	27,481,011	68,091,032	1,054,945	
\$ 46,715,875	\$ 30,346,245	\$ 77,062,120	\$ 1,170,115	

City of Bettendorf, Iowa

Balance Sheet
Governmental Funds
June 30, 2004

Assets	General	Tax Increment Financing	Debt Service
Cash and investments	\$ 4,291,503	\$ 48,716	\$ 1,888,752
Restricted cash and investments	-	955,500	4,485,853
Receivables:			
Property taxes	8,637,493	2,472,182	4,712,890
Accounts	194,936	-	-
Special assessments	73,352	-	-
Loans, net of allowances for uncollectibles of \$951,717	40,620	-	-
Accrued interest	2,741	5,079	1,860
Due from other funds	17,052	-	-
Due from other governments	972,205	-	145
Inventories	15,591	-	-
Advances to other funds	-	-	-
Total assets	\$ 14,245,493	\$ 3,481,477	\$ 11,089,500
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 399,302	\$ -	\$ -
Accrued liabilities	248,405	-	-
Due to other governments	42,984	-	-
Due to other funds	254,198	53,644	-
Contracts payable	-	-	-
Deferred revenue	8,772,760	2,472,179	4,674,187
Matured interest payable	-	-	23,579
Advances from other funds	-	842,178	-
Total liabilities	9,717,649	3,368,001	4,697,766
Fund Equity:			
Fund balances:			
Reserved for future debt retirement	-	955,500	4,485,853
Reserved for encumbrances	25,795	-	-
Reserved for loans	40,620	-	-
Reserved for inventories	15,591	-	-
Reserved for advances	-	-	-
Unreserved:			
Designated for debt retirement	-	-	1,905,881
Designated for pension contributions	-	-	-
Undesignated, reported in:			
General Fund	4,445,838	-	-
Special revenue funds	-	(842,024)	-
Capital projects funds	-	-	-
Total fund equity	4,527,844	113,476	6,391,734
Total liabilities and fund equity	\$ 14,245,493	\$ 3,481,477	\$ 11,089,500

See Notes to Basic Financial Statements.

Capital Projects Reserve	Other Governmental	Total
\$ 3,243,970	\$ 9,245,523	\$ 18,718,464
-	-	5,441,353
-	1,450,147	17,272,712
6,201	60,765	261,902
-	-	73,352
-	-	40,620
3,757	10,355	23,792
43,728	877,590	938,370
18,030	208,559	1,198,939
-	-	15,591
643,860	198,318	842,178
\$ 3,959,546	\$ 12,051,257	\$ 44,827,273

\$ 107,105	\$ 159,827	\$ 666,234
8,415	21,702	278,522
1,257	12,724	56,965
-	17,052	324,894
581,197	-	581,197
18,030	1,437,618	17,374,774
-	-	23,579
-	-	842,178
716,004	1,648,923	20,148,343

-	-	5,441,353
564,132	300,326	890,253
-	-	40,620
-	-	15,591
643,860	198,318	842,178
-	-	1,905,881
-	2,019,956	2,019,956
-	-	4,445,838
-	2,201,206	1,359,182
2,035,550	5,682,528	7,718,078
3,243,542	10,402,334	24,678,930
\$ 3,959,546	\$ 12,051,257	\$ 44,827,273

City of Bettendorf, Iowa

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2004

Total governmental fund balances \$ 24,678,930

Amounts reported for governmental activities in the statement of
net assets are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Land	\$ 6,598,811	
Construction-in-progress	427,127	
Buildings and structures	19,203,904	
Equipment and vehicles	12,065,081	
Improvements other than buildings	77,016,497	
Accumulated depreciation	<u>(41,457,331)</u>	73,854,089

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are deferred in the funds 343,158

Internal service funds are used by management to charge the costs
of certain services to individual funds. The assets and liabilities
of the internal service funds are included in governmental activities
in the statement of net assets:

Capital assets	959,735	
Accumulated depreciation	(551,269)	
Other current assets	2,313,885	
Internal balances	1,198	
Other current liabilities	(315,464)	
Noncurrent liabilities	<u>(30,972)</u>	2,377,113

Internal service funds allocated to business-type activities 162,422

Long-term liabilities are not due and payable in the current period and, therefore,
are not reported in the funds:

Compensated absences, current	(167,294)	
Compensated absences, noncurrent	(446,299)	
Accrued interest payable	(206,756)	
General obligation bonds payable, current	(8,337,165)	
General obligation bonds payable, noncurrent	(39,147,074)	
TIF revenue bonds, current	(700,000)	
TIF revenue bonds, noncurrent	(5,865,000)	
Bond issuance costs	96,172	
Bond discounts	74,730	
Bond premiums	<u>(1,151)</u>	(54,699,837)

Net assets of governmental activities

\$ 46,715,875

See Notes to Basic Financial Statements.

City of Bettendorf, Iowa

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	General	Tax Increment Financing	Debt Service
Revenues:			
Property taxes	\$ 7,380,246	\$ -	\$ 4,376,332
Other taxes	4,998,498	2,096,938	224,357
Special assessments	25,975	-	-
Licenses and permits	621,466	-	-
Intergovernmental	575,622	-	4,327
Charges for services	401,753	-	-
Use of money and property	94,511	60,961	46,441
Miscellaneous	387,538	-	-
Total revenues	14,485,609	2,157,899	4,651,457
Expenditures:			
Current operating:			
Public safety	6,891,356	-	-
Public works	39,967	-	-
Culture and recreation	2,901,414	-	-
Community and economic development	353,994	-	-
General government	2,789,966	-	-
Debt service:			
Principal	-	920,000	6,086,601
Interest and other charges	-	721,957	1,764,429
Bond issuance costs	47,771	-	-
Capital outlay	251,473	-	-
Total expenditures	13,275,941	1,641,957	7,851,030
Excess (deficiency) of revenues over expenditures	1,209,668	515,942	(3,199,573)
Other financing sources (uses):			
Issuance of long-term capital debt	-	-	4,534,050
Discounts	-	-	(14,667)
Transfers in	2,625,595	30,038	582,200
Transfers out	(3,791,105)	-	(496,805)
Total other financing sources (uses)	(1,165,510)	30,038	4,604,778
Net changes in fund balance	44,158	545,980	1,405,205
Fund balances (deficits), beginning of year	4,483,686	(432,504)	4,986,529
Fund balances, end of year	\$ 4,527,844	\$ 113,476	\$ 6,391,734

See Notes to Basic Financial Statements.

Capital Projects Reserve	Other Governmental	Total Governmental Funds
\$ -	\$ 1,328,154	\$ 13,084,732
-	2,345,790	9,665,583
-	-	25,975
-	-	621,466
178,858	3,214,749	3,973,556
-	-	401,753
49,741	192,822	444,476
237,140	351,545	976,223
465,739	7,433,060	29,193,764
-	22,647	6,914,003
-	2,517,040	2,557,007
-	63,600	2,965,014
-	864,669	1,218,663
-	282	2,790,248
-	-	7,006,601
-	-	2,486,386
-	-	47,771
4,963,086	985,083	6,199,642
4,963,086	4,453,321	32,185,335
(4,497,347)	2,979,739	(2,991,571)
3,570,000	-	8,104,050
(31,014)	-	(45,681)
184,070	2,278,938	5,700,841
(30,038)	(4,907,818)	(9,225,766)
3,693,018	(2,628,880)	4,533,444
(804,329)	350,859	1,541,873
4,047,871	10,051,475	23,137,057
\$ 3,243,542	\$ 10,402,334	\$ 24,678,930

City of Bettendorf, Iowa

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2004**

Net change in fund balances - governmental funds \$ 1,541,873

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current year:

Capital outlay	\$	5,192,134	
Depreciation		(3,002,370)	
Capital assets contributed		2,975,181	5,164,945

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Local option sales tax		(1,221)	
Grant revenues		14,488	
Property taxes		192,852	206,119

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, change in compensated absences (23,091)

The issuance of long-term debt (e.g. bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Repayment of bond principal		7,006,601	
Interest		4,887	
Bond issuance costs		47,771	
Issuance of long term debt		(8,104,050)	
Discounts		45,681	
Amortization of bond discounts, premiums, and bond issuance costs		(5,259)	(1,004,369)

Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities.

250,878

Change in internal service fund allocation to business-type activities

(30,501)

Changes in net assets of governmental activities

\$ 6,105,854

See Notes to Basic Financial Statements.

City of Bettendorf, Iowa

Statement of Net Assets
Proprietary Funds
June 30, 2004

	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
Assets			
Current assets:			
Cash and investments	\$ 2,579,529	\$ 138,417	\$ 2,532,907
Restricted cash	237,642	2,383,907	-
Receivables:			
Accounts and unbilled usage	694,333	912	200,261
Accrued interest	-	-	307
Special assessments	102,888	-	1,684
Due from other funds	-	-	-
Due from other governments	408,360	-	-
Prepaid items	-	-	-
Total current assets	4,022,752	2,523,236	2,735,159
Noncurrent assets:			
Restricted cash	366,200	-	-
Bond discounts	22,430	38,629	17,727
Bond issuance costs	38,880	15,747	10,368
Capital assets:			
Nondepreciable:			
Land	3,575	148,070	93,600
Construction-in-progress	215,931	-	70,776
Depreciable:			
Buildings and structures	2,040,620	5,081,863	-
Equipment and vehicles	3,210,221	851,791	225,790
Improvements other than buildings	29,989,946	192,458	-
Accumulated depreciation	(19,539,833)	(1,560,942)	-
Net capital assets	15,920,460	4,713,240	390,166
Total noncurrent assets	16,347,970	4,767,616	418,261
Total assets	\$ 20,370,722	\$ 7,290,852	\$ 3,153,420

See Notes to Basic Financial Statements.

(Continued)

		Governmental Activities	
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
\$ 1,625,528	\$ 6,876,381	\$ 2,302,511	
-	2,621,549	-	
300,102	1,195,608	3,183	
983	1,290	1,452	
-	104,572	-	
-	-	1,198	
638,687	1,047,047	250	
-	-	6,489	
2,565,300	11,846,447	2,315,083	
-	366,200	-	
-	78,786	-	
-	64,995	-	
1,419,370	1,664,615	43,609	
17,213	303,920	-	
7,946,484	15,068,967	423,461	
3,938,193	8,225,995	492,665	
963,442	31,145,846	-	
(4,436,582)	(25,537,357)	(551,269)	
9,848,120	30,871,986	408,466	
9,848,120	31,381,967	408,466	
\$ 12,413,420	\$ 43,228,414	\$ 2,723,549	

City of Bettendorf, Iowa

Statement of Net Assets (Continued)
Proprietary Funds
June 30, 2004

	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
Liabilities and Net Assets			
Liabilities:			
Current:			
Accounts payable	\$ 22,754	\$ 39,954	\$ 7,675
Claims payable	-	-	-
Compensated absences	7,556	11,329	974
Accrued liabilities	9,524	20,808	2,436
Due to other governments	141,825	2,768	2,435
Due to other funds	24,593	-	26,290
Interest payable	22,722	18,202	12,448
Contracts payable	181,500	-	-
Current maturities, revenue bonds	250,000	-	-
Current maturities, general obligation bonds	465,000	2,732,835	90,000
Total current liabilities	1,125,474	2,825,896	142,258
Noncurrent:			
Compensated absences	20,159	30,223	2,597
Revenue bonds, net of current maturities	1,010,000	-	-
General obligation bonds, net of current maturities	2,166,750	2,556,176	1,950,000
Total noncurrent liabilities	3,196,909	2,586,399	1,952,597
Total liabilities	4,322,383	5,412,295	2,094,855
Net assets:			
Invested in capital assets, net of related debt	14,326,951	1,862,512	400,534
Restricted for bond ordinance reserves	389,184	-	-
Unrestricted	1,332,204	16,045	658,031
Total net assets	16,048,339	1,878,557	1,058,565
Total liabilities and net assets	\$ 20,370,722	\$ 7,290,852	\$ 3,153,420

Total enterprise funds net assets

Amounts reported for enterprise activities in the statement of
net assets are different because:

Internal service funds are used by management to charge the
cost of certain services to individual funds. The assets and
liabilities of the internal service funds are included in
governmental activities in the statement of net assets

Net assets of business-type activities

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 155,869	\$ 226,252	\$ 97,777
-	-	188,564
24,811	44,670	11,609
59,591	92,359	15,352
19,966	166,994	2,162
563,791	614,674	-
-	53,372	-
-	181,500	-
-	250,000	-
-	3,287,835	-
824,028	4,917,656	315,464
66,186	119,165	30,972
-	1,010,000	-
-	6,672,926	-
66,186	7,802,091	30,972
890,214	12,719,747	346,436
9,848,120	26,438,117	408,466
-	389,184	-
1,675,086	3,681,366	1,968,647
11,523,206	30,508,667	2,377,113
\$ 12,413,420	\$ 43,228,414	\$ 2,723,549
	\$ 30,508,667	
	(162,422)	
	\$ 30,346,245	

City of Bettendorf, Iowa

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
Operating revenues:			
Charges for services	\$ 2,194,507	\$ 583,961	\$ 440,008
Licenses and permits	80,076	-	-
Intergovernmental	-	-	-
Other	16,647	60,847	-
Total operating revenues	2,291,230	644,808	440,008
Operating expenses:			
Salaries and benefits	472,523	999,747	57,771
Supplies and services	1,062,503	345,673	57,340
Depreciation	875,480	213,926	-
Amortization	35,145	4,071	-
Total operating expenses	2,445,651	1,563,417	115,111
Operating income (loss)	(154,421)	(918,609)	324,897
Nonoperating revenues (expenses):			
Investment earnings	9,782	1,123	5,457
Capital grants	1,479,351	-	-
Interest expense	(72,669)	(163,187)	(5,729)
Gain (loss) on disposal of assets	(1,278)	-	-
Total nonoperating revenues (expenses)	1,415,186	(162,064)	(272)
Income (loss) before transfers	1,260,765	(1,080,673)	324,625
Transfers in	-	1,274,874	199,500
Changes in net assets	1,260,765	194,201	524,125
Total net assets, beginning of year	14,787,574	1,684,356	534,440
Total net assets, end of year	\$ 16,048,339	\$ 1,878,557	\$ 1,058,565

See Notes to Basic Financial Statements.

		Governmental Activities	
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
\$ 2,031,720	\$ 5,250,196	\$ 4,117,346	
-	80,076	-	
248,330	248,330	-	
210,520	288,014	37,894	
2,490,570	5,866,616	4,155,240	
2,072,449	3,602,490	2,215,073	
1,535,647	3,001,163	1,782,958	
585,377	1,674,783	31,155	
-	39,216	-	
4,193,473	8,317,652	4,029,186	
(1,702,903)	(2,451,036)	126,054	
16,200	32,562	24,824	
586,794	2,066,145	-	
-	(241,585)	-	
5,000	3,722	-	
607,994	1,860,844	24,824	
(1,094,909)	(590,192)	150,878	
1,950,551	3,424,925	100,000	
855,642	2,834,733	250,878	
10,667,564	27,673,934	2,126,235	
\$ 11,523,206	\$ 30,508,667	\$ 2,377,113	

City of Bettendorf, Iowa

Reconciliation of the Changes in Net Assets of Enterprise Funds to the Statement of Activities
For the Year Ended June 30, 2004

Net changes in net assets in enterprise funds	\$ 2,834,733
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Amounts reported for proprietary activities in the statement of activities
are different because:

Internal service funds are used by management to charge the costs of
various activities internally to individual funds. The net expense of certain
activities of internal service funds is reported with business-type activities.

30,501

Changes in net assets of business-type activities

<u>\$ 2,865,234</u>

See Notes to Basic Financial Statements.

City of Bettendorf, Iowa

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 2,227,389	\$ 590,877	\$ 238,063
Receipts from other operating revenue	16,647	60,847	-
Payments to suppliers	(1,143,146)	(331,952)	(51,124)
Payments to claimants	-	-	-
Payments to employees	(471,202)	(992,473)	(51,847)
Net cash provided by (used in) operating activities	629,688	(672,701)	135,092
Cash Flows From Noncapital Financing Activities:			
Proceeds of interfund accounts	24,593	-	26,290
Transfers in	-	1,274,874	199,500
Net cash provided by noncapital financing activities	24,593	1,274,874	225,790
Cash Flows From Capital and Related Financing Activities:			
Purchase of capital assets	(420,991)	-	(335,862)
Proceeds from sale of capital assets	-	-	-
Proceeds from debt, net of bond issuance costs and bond discount of \$81,851	2,226,535	2,385,659	2,011,905
Payment on debt	(2,045,000)	(328,399)	-
Interest paid on debt	(64,782)	(158,737)	-
Net cash provided by (used in) capital and related financing activities	(304,238)	1,898,523	1,676,043
Cash Flows From Investing Activities, interest received	10,039	1,123	12,162
Increase in cash and cash equivalents	360,082	2,501,819	2,049,087
Cash and cash equivalents, beginning of year	2,823,289	20,505	483,820
Cash and cash equivalents, end of year	\$ 3,183,371	\$ 2,522,324	\$ 2,532,907

(Continued)

		Governmental Activities	
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
\$ 1,847,252	\$ 4,903,581	\$ 4,128,067	
430,094	507,588	37,894	
(1,787,067)	(3,313,289)	(1,778,190)	
-	-	(1,469,948)	
(2,058,326)	(3,573,848)	(696,279)	
(1,568,047)	(1,475,968)	221,544	
563,791	614,674	279	
1,950,551	3,424,925	100,000	
2,514,342	4,039,599	100,279	
(861,997)	(1,618,850)	-	
5,000	5,000	-	
-	6,624,099	-	
-	(2,373,399)	-	
-	(223,519)	-	
(856,997)	2,413,331	-	
16,065	39,389	24,313	
105,363	5,016,351	346,136	
1,520,165	4,847,779	1,956,375	
\$ 1,625,528	\$ 9,864,130	\$ 2,302,511	

City of Bettendorf, Iowa

Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Family Museum of Arts & Science	Stormwater Utility
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (154,421)	\$ (918,609)	\$ 324,897
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	875,480	213,926	-
Amortization	35,145	4,071	-
Change in assets and liabilities:			
Receivables	(407,088)	6,916	(201,945)
Prepaid items	-	-	-
Accounts payable and due to other governments	(80,643)	13,721	6,216
Contracts payable	-	-	-
Claims payable	-	-	-
Compensated absences and accrued liabilities	1,321	7,274	5,924
Net cash provided by (used in) operating activities	\$ 269,794	\$ (672,701)	\$ 135,092
Schedule of noncash items:			
Capital and related financing activities:			
Acquisition of capital assets through contracts payable	\$ 32,187	\$ -	\$ -
Capital assets contributed	1,479,351	-	-

See Notes to Basic Financial Statements.

			Governmental Activities
Other Enterprise Funds	Total Enterprise Funds		Internal Service Funds
\$ (1,702,903)	\$ (2,451,036)	\$	126,054
585,377	1,674,783		31,155
-	39,216		-
(213,224)	(815,341)		10,721
-	-		6,489
12,982	(47,724)		4,768
(264,402)	(264,402)		-
-	-		33,806
14,123	28,642		8,551
<u>\$ (1,568,047)</u>	<u>\$ (1,835,862)</u>	<u>\$</u>	<u>221,544</u>
\$ -	\$ 32,187	\$	-
-	1,479,351		-

City of Bettendorf, Iowa

Statement of Assets and Liabilities

Agency Funds

June 30, 2004

Assets , cash and investments	<u>\$</u> <u>16,070</u>
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Liabilities , accounts payable	<u>\$</u> <u>16,070</u>
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See Notes to Basic Financial Statements.

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies

Nature of operations:

The City of Bettendorf, Iowa (City) was incorporated in 1903. The form of City government is Mayor-Council, utilizing a professional City Administrator. The City of Bettendorf provides a wide variety of public services through ten professionally staffed departments and the office of the City Administrator, including police, fire, public works, parks, museum, library, community development, finance, legal and personnel.

Reporting entity:

The City is a municipal corporation governed by an elected mayor and a seven-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The blended component unit, although a legally separate entity, is, in substance, part of the City's operations and so data from this unit is combined with data of the City. The discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the City. Both the blended component unit and the discretely presented component unit have a June 30 year-end.

Blended component unit: Bettendorf Housing Authority - The governing body of the Bettendorf Housing Authority consists of the same members as that of the City Council. The City approves the Authority's annual budgets and approves rentals. The Authority oversees a Housing and Urban Development rent subsidy program which is accounted for in the Housing and Urban Development Section 8 Fund, a special revenue fund of the City. Complete financial statements of the component unit can be obtained from Bettendorf City Hall at 1609 State Street, Bettendorf, Iowa.

Discretely presented component unit: The Learning Campus Foundation (The Foundation) - The Learning Campus Foundation was established to organize, sponsor and maintain a program for providing independent financial support for the Learning Campus of the City of Bettendorf. The Foundation raises funds to supplement the financing received from the City of Bettendorf. Complete financial statements of the component unit can be obtained from The Learning Campus Foundation at 2900 Learning Campus Drive, Bettendorf, Iowa.

Basis of presentation:

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. There are no indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The City has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance". The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the City's major governmental funds:

General Fund: The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Tax Increment Financing Fund: To account for the accumulation of resources for the repayment of City funds or bonds issued to cash flow various capital projects. Property tax revenue generated on increased assessed valuations within TIF districts are the resources accounted for in this fund.

Debt Service Fund: To account for the servicing of the general long-term debt not financed by a specific source.

Capital Projects Reserve Fund: To account for the acquisition and construction of major capital facilities.

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds: are used to account for the proceeds of specific revenue sources (other than certain capital projects that are legally restricted to expenditures for specific projects).

Road Use Tax Fund: To account for the proceeds from road use tax monies.

Housing and Urban Development Section 8 Fund: To account for the U.S. Department of Housing and Urban Development Block Grant programs.

Economic Development Fund: To account for the proceeds to be used for general economic development and redevelopment purposes of the City including low interest loans the City makes to private companies for economic development purposes, as well as the acquisition and sale of land.

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Police Fund: To account for the Police Local Law Enforcement Block Grant by the U.S. Department of Justice, to financially assist the public who request it from the police department, to equip elementary students with the skills for recognizing and resisting social pressures to experiment with alcohol, tobacco and drugs and to account for revenue received from the sale or auction of items seized in law enforcement activities.

Library Fund: To account for reimbursements from the state of Iowa for library materials lent to noncity residents and other libraries in Iowa, and used for improvements to the Library. This fund also accounts for money received through donations and fund raising activities for the Library.

Park Fund: To account for the donations identified to specifically assist the park programs, annual tree planting and to account for the City's owner occupied residential painting program funded by the River Bend Regional Authority. This fund accounts for miscellaneous City beautification projects funded by gaming revenues.

Police Pension and Retirement Excess Fund: To account for the remaining balances of the self-administered pension plans after a transfer to a state administered plan which may be used by the City to meet future pension funding requirements as prescribed by law.

Old Fashioned Fourth of July Fund: To account for all of the revenues and expenditures for the annual Independence Day celebration in the City of Bettendorf.

Employee Benefits Fund: To account for the property tax revenues collected to be used for the City's employees' health insurance and pension costs.

Capital Projects Funds: are used to account for all resources used in the acquisition and construction of capital facilities and other capital assets, with the exception of those that are financed through proprietary funds.

Vehicle Replacement Fund: To account for the replacement of vehicles currently owned by the City.

Riverboat Gaming Fund: To account for the revenue generated from admission and gaming taxes imposed on riverboat gaming operations and the corresponding expenditure of funds authorized by the City Council.

Electronic Equipment Replacement Fund: To account for the replacement of electronic equipment, such as copiers, computers and telephone systems currently owned by the City.

Performing Arts Center Fund: To account for the purchase of the site and the accumulation of funds for the future construction of a performing arts center in Bettendorf.

CIP/LOT & Interest Fund: To account for the 40% of local option tax revenues and interest earnings allocated to the capital projects fund and transfers these funds to specific projects, as needed.

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

GEO Thuenen Overpass Fund: To account for money received from the Isle of Capri for the repair and maintenance of the George Thuenen Overpass.

Subdivision Deposits Fund: To account for the deposits made by developers for incomplete subdivision improvements such as sidewalks and street paving required when temporary occupancy permits are requested. Refunds are made when specific improvements are constructed.

Future Projects Fund: To account for deposits received when a developer has an existing unpaved border road and the City requires the developer to pay the estimated cost of paving that road. Funds are used by the City when the border street is paved as part of a larger project to offset special assessments to property owners.

Proprietary Fund Types - Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector (business-type activities). The measurement focus is upon income determination, financial position and cash flows.

Enterprise Funds - are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the City has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The following are the City's major enterprise funds:

Sewer Utility Fund: To account for the operations of the City's sewer utility including the revenue from usage fees, the operating costs associated with it, any capital projects and all bond issues.

Family Museum of Arts & Science Fund: To account for the operations of the new museum at the Learning Center Campus, including fees and operational costs generated from classes, memberships and exhibits.

Stormwater Utility Fund: To account for the operations of the City's Stormwater Utility including the revenue from fees and the operating costs associated with it.

The other enterprise funds of the City as considered nonmajor and are as follows:

Recycling/Solid Waste Management Fund: To account for the operations of the City's curbside recycling program, the drop-off recycling center and the yard waste/chipper service and the revenue generated from trash sticker and yard waste fees.

Palmer Hills Golf Course Fund: To account for the operations of the Palmer Hills Golf Course including all fees generated, all operational costs and any improvements made to the course.

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

City Recreation Fund: To account for the operations of the Life Fitness Center including all fees generated, all operational costs and any capital purchases or improvements.

Aquatic Center Fund: To account for the operations of Splash Landing including all fees generated, all operational costs and any capital purchases or improvements.

Transit Fund: To account for the mass transit program in the City, including grants received from the U.S. Department of Transportation and the Iowa Department of Transportation.

Internal Service Funds - are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City. The following are the City's internal service funds:

Employee Health Insurance Fund: To account for the health insurance premiums and claims for all City employees.

Risk Management Fund: To account for the general liability and property insurance for the City.

Municipal Garage Fund: To account for the maintenance cost related to the vehicles and equipment of the City.

Information Services Fund: To account for the operating costs to provide information and technology services to City-wide users. Services include maintenance of computer hardware and software, user training and support, disaster planning and recovery, telecommunications and GIS (Geographic Information System) development.

Fiduciary Fund Types - Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City has the following fiduciary fund type:

Agency Funds: are used to account for assets that the City holds for others in an agency capacity. The City has the following agency funds:

Explorers Fund: To account for money received through donations for the Boy Scouts Explorers program.

Section 125 Fund: To account for current payroll deductions of City employees for future use as group insurance premiums.

Police Property Account Fund: To account for money in inmates' possession at time of arrest and money held as evidence for investigations.

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Measurement focus and basis of accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized at the time an enforceable legal claim is established. This is deemed to occur when the budget is certified. The current tax levy was certified in March 2004 based on the 2003 assessed valuations. These taxes are due in two installments, on September 30 and the following March 31, with a 2% per month penalty for delinquent payment. Since the 2004 tax levy is budgeted and levied for the fiscal year 2005, the revenue from this tax levy has been deferred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Summary of significant accounting policies:

The significant accounting policies followed by the City include the following:

Cash and investments: the City maintains a cash and investment pool to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Each fund's portion of total cash and investments is reported as such within this report. In addition, certain investments are separately held by several of the City's funds. Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

The City invests in the Iowa Public Agency Investment Trust which is a 2a7-like pool. The Iowa Public Agency Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

Statement of cash flows: for purposes of the statement of cash flows for proprietary fund type funds, the City considers the pooled cash and investments to be cash equivalents as these pooled amounts have the same characteristics of demand deposits. Cash equivalents also include restricted and escrowed cash and investments.

Accounts receivable: results primarily from services provided to citizens and are accounted for in the governmental funds. Sewer services are accounted for in the Sewer Utility Fund, admission to the museum is accounted for in the Family Museum of Arts and Sciences Fund, and admission to Splash Landing pool is accounted for in the Aquatic Center Fund. All are net of an allowance for uncollectibles.

Inventory: consists of consumable supplies and are valued at cost using the first-in first-out (FIFO) method. The costs of Governmental Fund Type inventories are recorded as expenditures when consumed rather than when purchased.

Bond discount, premium and issuance costs: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Capital assets: including land, buildings and structures, improvements, equipment and vehicles and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater.

Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current fiscal year.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

	Years
Infrastructure	20 - 40
Buildings and structures	10 - 40
Improvements other than buildings	10 - 20
Vehicles and equipment	2 - 25
Computer equipment	5

The City's collection of works of art, library books, and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Deferred revenues: in the governmental funds, deferred revenues represent amounts due, which are measurable, but not available, or grants and similar items received, but for which the City has not met all eligibility requirements imposed by the provider. In the statement of net assets, deferred revenues represent the deferral of property tax receivables which are levied for a future period and unearned grants.

Interfund transactions: transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Noncurrent portions of long-term inter-fund loan receivables are reported as advances within the governmental funds and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Compensated absences: City employees accumulate vacation and sick leave hours for subsequent use or payment upon termination, death or retirement. All earned vacation hours vest and 20% of the sick leave hours accumulated over a 12-month period vest and are paid annually. An employee who either quits, resigns or is discharged from their service with the City is not compensated for the nonvested portion of sick leave. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

Fund equity: reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represents tentative management plans that are subject to change.

Net assets: represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent debt proceeds. Unspent debt proceeds (which includes proceeds reserved for debt retirement) for the Sewer Utility, Family Museum of Arts & Science and Stormwater Utility enterprise funds were \$2,236,931, \$2,383,907 and \$2,022,273, respectively. Unspent proceeds for the Debt Service Fund was \$4,485,853. Net assets are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net assets include unspent bond proceeds, net of related debt.

The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Joint venture: The City is a participant in a joint venture to construct, acquire, maintain and use a sewage treatment facility. The Scott Area Solid Waste Management Commission (Commission) was created in 1975 for that purpose. The Commission is governed by a five-member board of which the City is one member. The City is billed monthly for its share of the operating costs and is billed annually for capital additions. If at any time the City chooses to withdraw membership, the City shall be responsible for its share of any debt attributed to its membership in the Commission. The original cost of the City's share of the facility, along with their share of any subsequent facility capital additions, has been included in property and equipment and is being depreciated accordingly.

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Complete financial statements for the Commission can be obtained from the Commission's administrative office at 226 West 4th Street, Davenport, Iowa 52801.

Use of estimates: the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary and appropriation data: As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, the City presents budgetary comparison schedules as required supplementary information based on the program structure of nine functional areas as required by state statute for its legally adopted budget.

Note 2. Cash and Investments

The City maintains a cash and investment pool for certain funds where the resources have been pooled in order to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements.

Deposits:

Chapter 12c of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized.

As of June 30, 2004, the City's carrying amount of deposits with financial institutions totaled \$875,152, with bank balances of \$1,086,004. The City's deposits with financial institutions as of June 30, 2004 were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

As of June 30, 2004, the discretely presented component unit's carrying amount of deposits with financial institutions totaled \$332,566 with bank balances of \$339,187. Of the bank balances, \$163,557 was covered by federal depository insurance and \$175,630 was insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

The City also maintains petty cash accounts in various funds. The total amount of petty cash is \$13,635. The discretely presented component unit's petty cash is \$228.

Investments:

Iowa statutes authorize the City to invest in obligations of the U.S. government, its agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances and repurchase agreements.

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

The City's investments are categorized to give an indication of the level of risk assumed at year-end. The categories are defined as:

1. Insured or registered in the City's name or the securities are held by the City or its agent in the City's name.
2. Uninsured and unregistered securities, which are held by the counterparty's trust department or agent in the City's name.
3. Uninsured and unregistered securities, which are held by the counterparty or by its trust department or agent but not in the City's name.

The following is a summary of the City's investments at year-end:

	Carrying Amount			
	Category			
	1	2	3	Total
Repurchase agreements	\$ -	\$ -	\$ 724,002	\$ 724,002
U.S. government securities	-	9,339,373	-	9,339,373
	<u>\$ -</u>	<u>\$ 9,339,373</u>	<u>\$ 724,002</u>	<u>10,063,375</u>

Investments not subject to risk categorization:

Iowa Public Agency,
Investment Trust

24,434,866

Guaranteed Investment Contract

955,500

\$ 35,453,741

The City's investments during the year did not vary substantially from those at year-end in amounts or level of risk.

The component unit has \$264,921 in U.S. Government securities in Category 2 and \$192,067 in equity investments in Category 1. The component unit also has mutual funds not subject to risk categorization in the amount of \$392,880 as of June 30, 2004.

A reconciliation of cash and investments as shown in the financial statements is as follows:

Cash on hand	\$ 13,635
Deposits with financial institutions	875,152
Investments	35,453,741
	<u>\$ 36,342,528</u>
Government-wide financial statements of net assets, cash and investments	<u>\$ 36,326,458</u>
Statement of fiduciary net assets, cash and investments	<u>\$ 16,070</u>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2004:

	Ending Balance June 30, 2003	Additions	Deletions	Ending Balance June 30, 2004
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 5,694,737	\$ 947,683	\$ -	\$ 6,642,420
Construction-in-progress	3,339,670	1,990,209	4,902,752	427,127
Total capital assets, not being depreciated	9,034,407	2,937,892	4,902,752	7,069,547
Capital assets, being depreciated:				
Buildings and structures	18,808,558	818,807	-	19,627,365
Equipment and vehicles	12,211,658	553,945	207,857	12,557,746
Improvements other than buildings	68,257,074	8,759,423	-	77,016,497
Total capital assets, being depreciated	99,277,290	10,132,175	207,857	109,201,608
Less accumulated depreciation for:				
Buildings and structures	4,553,038	525,105	-	5,078,143
Equipment and vehicles	6,995,959	983,446	207,857	7,771,548
Improvements other than buildings	27,633,935	1,524,974	-	29,158,909
Total accumulated depreciation	39,182,932	3,033,525	207,857	42,008,600
Total capital assets, being depreciated, net	60,094,358	7,098,650	-	67,193,008
Governmental activities capital assets, net	\$ 69,128,765	\$ 10,036,542	\$ 4,902,752	\$ 74,262,555

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	Ending Balance June 30, 2003	Additions	Deletions	Ending Balance June 30, 2004
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,571,015	\$ 93,600	\$ -	\$ 1,664,615
Construction-in-progress	606,446	627,177	929,703	303,920
Total capital assets, not being depreciated	2,177,461	720,777	929,703	1,968,535
Capital assets, being depreciated:				
Buildings and structures	14,816,977	251,990	-	15,068,967
Equipment and vehicles	7,258,952	1,046,159	79,116	8,225,995
Improvements other than buildings	29,104,681	2,041,165	-	31,145,846
Total capital assets, being depreciated	51,180,610	3,339,314	79,116	54,440,808
Less accumulated depreciation for:				
Buildings and structures	2,715,729	426,835	-	3,142,564
Equipment and vehicles	4,368,766	511,268	77,838	4,802,196
Improvements other than buildings	16,855,917	736,680	-	17,592,597
Total accumulated depreciation	23,940,412	1,674,783	77,838	25,537,357
Total capital assets, being depreciated, net	27,240,198	1,664,531	1,278	28,903,451
Business-type activities capital assets, net	\$ 29,417,659	\$ 2,385,308	\$ 930,981	\$ 30,871,986

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

Depreciation expense was charged to the functions of the government as follows:

Governmental Activities

Public safety	\$ 520,615
Public works	1,821,296
Culture and recreation	405,773
Community and economic development	45,961
General government	239,880
	<u>\$ 3,033,525</u>

Business-Type Activities

Sewer utility	\$ 875,480
Family Museum of Arts & Science	213,926
Aquatic Center	163,322
Recycling/solid waste management	196,978
Palmer Hills Golf Course	100,718
City recreation	96,508
Transit	27,851
	<u>\$ 1,674,783</u>

Note 4. Bonded and Other Debt

The following is a summary of changes in bonded and other long-term debt for the year ended June 30, 2004:

	June 30, 2003	Increases and Issues	Decreases and Retirements	June 30, 2004	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 45,726,790	\$ 8,104,050	\$ 6,346,601	\$ 47,484,239	\$ 8,337,165
Revenue bonds	7,225,000	-	660,000	6,565,000	700,000
Compensated absences	628,108	206,969	178,903	656,174	178,903
	<u>53,579,898</u>	<u>8,311,019</u>	<u>7,185,504</u>	<u>54,705,413</u>	<u>9,216,068</u>
Business-Type activities:					
Revenue bonds	3,130,000	-	1,870,000	1,260,000	250,000
General obligation bonds	3,758,210	6,705,950	503,399	9,960,761	3,287,835
Compensated absences	154,835	53,670	44,670	163,835	44,670
	<u>7,043,045</u>	<u>6,759,620</u>	<u>2,418,069</u>	<u>11,384,596</u>	<u>3,582,505</u>
Total long-term debt	<u>\$ 60,622,943</u>	<u>\$ 15,070,639</u>	<u>\$ 9,603,573</u>	<u>\$ 66,090,009</u>	<u>\$ 12,798,573</u>

Notes to Basic Financial Statements

Note 4. Bonded and Other Debt (Continued)

Summary of bond issues:

General obligation and revenue bonds outstanding as of June 30, 2004 consist of the following individual issues:

	Date of Issue	Amount Issued	Interest Rates	Outstanding June 30, 2004
General obligation bonds:				
Library expansion and various public improvements	July 1995	15,825,000	4.50 - 5.50	\$ 8,225,000
Various public improvements	May 1996	3,060,000	4.20 - 4.80	1,285,000
Downtown public improvements	May 1996	1,535,000	4.125 - 4.70	530,000
Library expansion and various public improvements	January 1997	1,310,000	4.05 - 4.70	470,000
Refunding	January 1997	1,640,000	3.90 - 4.80	670,000
Olympic Steel TIF	November 1997	1,030,000	4.25 - 4.70	575,000
Various public improvements	April 1998	9,700,000	4.50 - 4.60	7,350,000
Various public improvements	April 2000	6,560,000	4.30 - 5.25	5,275,000
Various public improvements	June 2001	6,635,000	4.00 - 5.00	5,950,000
Various public improvements	June 2002	4,620,000	2.00 - 5.00	4,305,000
Trinity TIF	June 2002	1,360,000	3.00 - 4.90	1,360,000
Various public improvements	June 2003	4,080,000	1.25 - 3.85	3,905,000
Refunding	June 2003	2,840,000	1.05 - 2.00	2,315,000
Various public improvements and sewer and stormwater improvements	June 2004	7,650,000	2.25-5.00	7,650,000
Refunding (3)	June 2004	7,160,000	3.00-4.00	7,160,000
Fire truck note	December 2001	600,000	4.16	420,000
Total general obligation bonds				<u>57,445,000</u>
Revenue bonds:				
Lady Luck Overpass TIF (2)	July 1997	4,170,000	4.90 - 5.90	2,465,000
Lady Luck Ramp & Marina TIF (2)	July 1997	5,385,000	8.25 - 9.00	4,100,000
Sewer refunding (1)	June 2003	1,515,000	1.50 - 2.45	1,260,000
Total revenue bond				<u>7,825,000</u>
Total bonds				<u><u>\$ 65,270,000</u></u>

- (1) The revenue bond ordinances require that monies be deposited into various restricted reserve accounts and that these deposits be used only for the payment of principal and interest on the related bonds when due or for other purposes as set forth in the bond ordinances. These deposits may be invested in interest bearing securities. As of June 30, 2004, the deposits in these restricted reserve accounts total \$389,184.
- (2) In July 1997, the City issued \$4,170,000 Urban Renewal Tax Increment Revenue Bonds and \$5,385,000 Taxable Urban Renewal Tax Increment Revenue Bonds. The revenue bond ordinances require that monies be deposited into project funds, interest funds and reserve funds. These deposits may be invested in interest-bearing securities. As of June 30, 2004, the deposits in the interest and reserve fund were \$955,500.

Notes to Basic Financial Statements

Note 4. Bonded and Other Debt (Continued)

- (3) On June 29, 2004, the City issued \$7,160,000 in General Obligation Refunding Bonds, Series 2004B, in a crossover refunding to be used to refund in advance \$6,975,000 of the 2006 through 2012 maturities of the City's General Obligation Bonds, Series 1995A, dated July 1, 1995 and to cover the December 1, 2004 through June 1, 2005 interest payments on the Series 2004B Bonds. The crossover refunding date is June 1, 2005. The net proceeds were placed in escrow and are reported as restricted assets, investments and are reserved for debt service. As of June 30, 2004, the escrow investment was \$7,084,418. The City completed the refunding to reduce its total debt service payments by \$259,425 and to obtain an economic gain (difference between the present values of the old and new debt service payments) by \$215,867.

Summary of principal and interest maturities:

Annual debt service requirements to service all outstanding indebtedness as of June 30, 2004 are as follows:

	Debt Service General Obligation Bonds		Debt Service Revenue Bonds	
	Principal	Interest	Principal	Interest
<u>Year ending June 30:</u>				
2005	\$ 8,337,165	\$ 2,011,636	\$ 700,000	\$ 508,018
2006	4,154,159	1,659,337	745,000	460,855
2007	4,314,215	1,506,369	800,000	407,575
2008	4,195,000	1,315,712	855,000	349,600
2009	2,590,400	1,168,220	1,325,000	287,050
2010 - 2014	12,863,300	4,186,518	2,140,000	298,800
2015 - 2019	7,705,000	1,683,552	-	-
2020 - 2024	3,325,000	275,978	-	-
	<u>\$ 47,484,239</u>	<u>\$ 13,807,322</u>	<u>\$ 6,565,000</u>	<u>\$ 2,311,898</u>

	Enterprise General Obligation Bonds		Enterprise Revenue Bonds	
	Principal	Interest	Principal	Interest
<u>Year ending June 30:</u>				
2005	\$ 3,287,835	\$ 393,874	\$ 250,000	\$ 25,805
2006	785,842	202,270	270,000	21,430
2007	570,784	185,368	280,000	16,030
2008	515,000	202,491	280,000	10,430
2009	539,600	178,971	180,000	4,410
2010 - 2014	2,141,700	630,099	-	-
2015 - 2019	1,250,000	342,725	-	-
2020 - 2024	870,000	76,440	-	-
	<u>\$ 9,960,761</u>	<u>\$ 2,212,238</u>	<u>\$ 1,260,000</u>	<u>\$ 78,105</u>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 4. Bonded and Other Debt (Continued)

Legal debt margin:

As of June 30, 2004, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

January 2002 100% assessed valuation		\$ 2,011,187,049
Plus: Public gas & electric utilities		58,058,849
Plus: Captured tax increment value		73,275,607
Less: Military exemption		<u>(4,517,028)</u>
Total assessed valuation of the property of the City of Bettendorf		<u><u>\$ 2,138,004,477</u></u>
Debt limit, 5% of total actual valuation		\$ 106,900,224
Debt applicable to debt limit:		
Debt service general obligation bonds	\$ 47,484,239	
Debt service TIF revenue bonds	6,565,000	
Enterprise general obligation bonds	<u>9,960,761</u>	<u>64,010,000</u>
Legal debt margin		<u><u>\$ 42,890,224</u></u>

Note 5. Interfund Receivables and Payables

Individual interfund receivables and payables balances as of June 30, 2004 were:

	Total	
	Interfund Receivables	Interfund Payables
Governmental Activities:		
Major governmental funds:		
General	\$ 17,052	\$ 254,198
Special revenue fund, tax increment financing	-	53,644
Capital projects fund, capital projects reserve	43,728	-
Nonmajor governmental funds:		
Special revenue funds:		
Police	-	4,478
Employee benefits	-	12,574
Economic development	9,916	-
Capital projects funds:		
CIP/LOT & interest	253,000	-
Vehicle replacement	614,674	-
Internal service funds, risk management	<u>1,198</u>	<u>-</u>
Total governmental activities	<u>939,568</u>	<u>324,894</u>
Business-type activities:		
Major enterprise funds:		
Sewer utility	-	24,593
Stormwater utility	-	26,290
Nonmajor enterprise funds, transit	<u>-</u>	<u>563,791</u>
Total business-type activities	<u>-</u>	<u>614,674</u>
Total	<u><u>\$ 939,568</u></u>	<u><u>\$ 939,568</u></u>

City of Bettendorf, Iowa

Notes to Basic Financial Statements

Note 5. Interfund Receivables and Payables (Continued)

Advances to and from other funds as of June 30, 2004 were as follows:

	Advances to Other Funds	Advances From Other Funds
Governmental Activities:		
Major governmental funds:		
Special revenue funds, tax increment financing	\$ -	\$ 842,178
Capital projects funds, capital projects reserve	643,860	-
Nonmajor governmental funds,		
special revenue funds, economic development	198,318	-
Total	\$ 842,178	\$ 842,178

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Note 6. Interfund Transfers

The following is a schedule of transfers as included in the basic financial statements of the City:

	Transfers In	Transfers Out
Governmental activities:		
Major governmental funds:		
General	\$ 2,625,595	\$ 3,791,105
Tax increment financing	30,038	-
Debt service	582,200	496,805
Capital projects reserve	184,070	30,038
Nonmajor governmental funds	2,278,938	4,907,818
Internal service funds	100,000	-
Total governmental activities	5,800,841	9,225,766
Business-type activities:		
Major enterprise funds:		
Family Museum of Arts & Science	1,274,874	-
Stormwater utility	199,500	-
Other nonmajor enterprise funds	1,950,551	-
Total business-type activities	3,424,925	-
Total	\$ 9,225,766	\$ 9,225,766

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Notes to Basic Financial Statements

Note 7. Loans Receivable

As of June 30, 2004, the City has the following outstanding loans receivable:

Economic Development Loans

- A loan receivable, due in monthly installments of \$1,231 until October 2004, including interest at 4.3%, with a final installment due October 2004 of \$147,483. As of June 30, 2004, the outstanding balance is \$149,750.
- A loan receivable with an outstanding principal balance of \$150,000 and accrued interest of \$23,967 as of June 30, 2004, which accrues at 3% annually. No payment is due to the City so long as the proceeds from the sale of the Lindquist property, beyond the First Mortgage thereon, and up to \$150,000 are used in downtown development or redevelopment projects as directed by the City Council. If the proceeds are not so used, this note shall become immediately due and payable. As of June 30, 2004, the Lindquist property has not been sold.
- Four loan receivables, without interest, payable upon the development of certain real estate. Should the development requirements not occur within a period of 18 months from the date of each of the four loans, the loans shall become due and payable in full. As of June 30, 2004, the outstanding balances of these loans are \$160,000, \$67,000, \$220,000, and \$181,000 with agreement dates of March 2002, April 2002, June 2002, and June 2002, respectively.

An allowance for uncollectible accounts has been set up for 100% of each of these outstanding loan balances.

Employee Computer Equipment Loans

- Loan receivables with employees for purchases of computer equipment, with payments made through payroll deductions, including interest at 0%, 3%, and 5% for one year, two year, and three year loans, respectively, up to a maximum of \$2,500. As of June 30, 2004, the outstanding balance of these loans is \$40,620.

Note 8. Pension and Retirement Systems

Iowa Public Retirement System:

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the state of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$445,136, \$428,702 and \$434,636, respectively, equal to the required contributions for each year.

Notes to Basic Financial Statements

Note 8. Pension and Retirement Systems (Continued)

Municipal Fire and Police Retirement System of Iowa:

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th St., Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 20.48% of earnable compensation. Contribution requirements are established by state statute. The City's contribution to the Plan for the years ended June 30, 2004, 2003 and 2002 were \$629,171, \$517,461 and \$480,416, respectively, which met the required minimum contribution for each year.

Note 9. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was amended to comply with IRC Section 457(g) which allowed for the plan to hold its assets in trust. Under these new requirements, the assets of the plan are no longer subject to the general creditors of the City, the City no longer owns the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

Note 10. Risk Management and Insurance

The City has established two internal service funds for its risk management program. The Employee Health Insurance Fund is to meet potential losses from medical and dental claims. The Risk Management Fund is to report premiums and deductibles for general liability and property claims.

The City purchases commercial insurance for general liability and property claims. Law enforcement liability and public official liability include a deductible up to \$10,000. The primary limits for each line of coverage are protected by an excess liability policy. Claims for these lines of coverage are adjusted by the carrier's representative.

For medical and dental claims, self insurance is in effect up to an aggregate stop loss of approximately \$1,872,862 with a \$50,000 per claim stop loss amount. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount. All claim handling procedures are performed by an independent claims administrator.

There has been no significant reduction in insurance coverage from coverage in the prior year. Settled claims have not exceeded the insurance coverage purchased for each of the past three fiscal years.

Notes to Basic Financial Statements

Note 10. Risk Management and Insurance (Continued)

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are estimated by considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. The changes in the aggregate liabilities for claims for the years ended June 30, 2004 and 2003 are as follows:

	Employee Health Insurance	
	2004	2003
Claims payable, beginning of year	\$ 154,758	\$ 216,958
Claims recognized	1,503,754	1,795,013
Claim payments	(1,469,948)	(1,857,213)
Claims payable, end of year	<u>\$ 188,564</u>	<u>\$ 154,758</u>

Note 11. Commitments and Contingencies

Regular City employees accumulate sick leave hours for subsequent use. The City's approximate maximum contingent liability for nonvested sick leave benefits as of June 30, 2004 is \$2,516,814.

The City has financial commitments relating to various construction projects that are estimated to be approximately \$690,735.

The City is a member of the Scott Area Solid Waste Management Commission ("the Commission") for the acquisition, construction and equipping of a material recovery system, recovery facility and a new landfill. The Commission is obligated to establish rates, charges and fees sufficient to pay the cost of operations and maintenance of the Project and to leave net revenues sufficient to pay the semiannual debt service requirements.

In the event future net revenues or other Commission funds are insufficient to pay debt service requirements, each of the Members of the Commission have obligated itself to repay the County of Scott, Iowa, its pro rata share of the deficiency from rates imposed on each property within its jurisdiction.

Note 12. Restatement

The City restated governmental activities net assets and accumulated depreciation by \$21,263,390 due to an error in the depreciation calculation as of June 30, 2003.

Notes to Basic Financial Statements

Note 13. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, during the year ended June 30, 2004, which had no effect on the City's basic financial statements.

As of June 30, 2004, the Governmental Accounting Standards Board (GASB) has also issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

Statement No. 40, *Deposit and Investment Risk Disclosures*, issued March 2003, will be effective for the City beginning with its year ending June 30, 2005. This Statement establishes and modifies disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This Statement also establishes and modifies disclosure requirements for deposit risks.

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, issued November 2003, will be effective for the City beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

Statement No. 43, *Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans*, issued April 2004, will be effective for the City beginning with its year ending June 30, 2008. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance.

Statement No. 44, *Economic Condition Reporting: The Statistical Section*, issued May 2004, will be effective for the City beginning with its year ending June 30, 2006. This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the City beginning with its year ending June 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

City of Bettendorf, Iowa

Budgetary Comparison Schedule

Budget and Actual - All Governmental Funds and Proprietary Funds

Required Supplementary Information

For the Year Ended June 30, 2004

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual
Revenues:			
Property tax	\$ 13,084,732	\$ -	\$ 13,084,732
Tax increment financing	2,096,938	-	2,096,938
Other City taxes	7,568,645	-	7,568,645
Special assessments	25,975	-	25,975
Licenses and permits	621,466	80,076	701,542
Intergovernmental	3,973,556	835,124	4,808,680
Charges for services	401,753	9,367,542	9,769,295
Use of money and property	444,476	57,386	501,862
Miscellaneous	976,223	1,808,981	2,785,204
Total revenues	29,193,764	12,149,109	41,342,873
Expenditures/Expenses:			
Public safety	6,914,003	-	6,914,003
Public works	2,557,007	-	2,557,007
Culture and recreation	2,965,014	-	2,965,014
Community and economic development	1,218,663	-	1,218,663
General government	2,790,248	-	2,790,248
Debt service	9,540,758	-	9,540,758
Capital outlay	6,199,642	-	6,199,642
Business-type	-	12,588,423	12,588,423
Total expenditures/expenses	32,185,335	12,588,423	44,773,758
Excess (deficiency) of revenues over (under) expenditures/expenses	(2,991,571)	(439,314)	(3,430,885)
Other financing sources, net	4,533,444	3,524,925	8,058,369
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	1,541,873	3,085,611	4,627,484
Balances, beginning of year	23,137,057	29,800,169	52,937,226
Balances, end of year	\$ 24,678,930	\$ 32,885,780	\$ 57,564,710

See Note to Required Supplementary Information.

Budgeted Amounts			
Original	Final	Final to Actual Variance - Positive (Negative)	
\$ 13,139,498	\$ 13,140,588	\$ (55,856)	
2,022,781	2,110,263	(13,325)	
7,208,902	7,445,697	122,948	
23,600	729,659	(703,684)	
524,500	602,220	99,322	
6,709,673	4,799,813	8,867	
10,328,895	10,122,081	(352,786)	
1,083,928	462,470	39,392	
3,256,145	1,050,474	1,734,730	
44,297,922	40,463,265	879,608	
7,057,450	7,066,659	152,656	
2,563,077	2,680,633	123,626	
3,185,241	3,120,313	155,299	
1,257,777	1,330,592	111,929	
2,720,883	3,002,604	212,356	
6,754,036	9,508,706	(32,052)	
10,946,015	8,279,907	2,080,265	
13,783,637	14,381,714	1,793,291	
48,268,116	49,371,128	4,597,370	
(3,970,194)	(8,907,863)	5,476,978	
3,500,000	3,500,000	4,558,369	
\$ (470,194)	\$ (5,407,863)	\$ 10,035,347	

**Note to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2004**

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing for all funds, except agency funds. The budget basis of accounting is in accordance with accounting principles generally accepted in the United States of America. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type. The legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, a budget amendment increased budgeted expenditures by \$1,103,012. The budget amendment was primarily due to an increase in debt service payments for refinancing bonds offset by deferring capital projects and reduced spending across most funds.

During the year ended June 30, 2004, expenditures/expenses exceeded the amounts budgeted in the debt service functions.

City of Bettendorf, Iowa

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Special Revenue			
	Housing and Urban		Economic Development	Police
	Road Use Tax	Development Section 8		
Assets				
Cash and investments	\$ 774,962	\$ 113,148	\$ 483,862	\$ 44,372
Receivables:				
Property taxes	-	-	-	-
Accounts	244	-	-	-
Accrued interest	466	-	249	24
Due from other funds	-	-	9,916	-
Due from other governments	207,133	-	1,111	270
Advance to other funds	-	-	198,318	-
Total assets	\$ 982,805	\$ 113,148	\$ 693,456	\$ 44,666
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 92,022	\$ -	\$ 5,670	\$ 4,183
Accrued liabilities	20,053	1,393	256	-
Due to other governments	3,275	9,393	34	-
Due to other funds	-	-	-	4,478
Deferred revenue	-	-	-	-
Total liabilities	115,350	10,786	5,960	8,661
Fund Balances:				
Reserved for encumbrances		-	-	-
Reserved for advances	-	-	198,318	-
Unreserved:				
Designated for pension contributions		-	-	-
Undesignated reported in:				
Special revenue funds	867,455	102,362	489,178	36,005
Capital projects funds	-	-	-	-
Total fund balances	867,455	102,362	687,496	36,005
Total liabilities and fund balances	\$ 982,805	\$ 113,148	\$ 693,456	\$ 44,666

(Continued)

Library		Park	Police Pension and Retirement Excess	Old Fashioned Fourth of July	Employee Benefits				
\$	545,200	\$	147,030	\$	2,013,281	\$	31,575	\$	-
	-		-		-		-		1,450,147
	-		-		-		-		-
	328		89		6,722		19		-
	-		-		-		-		-
	-		-		-		-		45
	-		-		-		-		-
\$	545,528	\$	147,119	\$	2,020,003	\$	31,594	\$	1,450,192
\$	8,217	\$	5,231	\$	47	\$	4,587	\$	-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		12,574
	-		-		-		-		1,437,618
	8,217		5,231		47		4,587		1,450,192
	-		-		-		-		-
	-		-		-		-		-
	-		-		2,019,956		-		-
	537,311		141,888		-		27,007		-
	-		-		-		-		-
	537,311		141,888		2,019,956		27,007		-
\$	545,528	\$	147,119	\$	2,020,003	\$	31,594	\$	1,450,192

City of Bettendorf, Iowa

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2004

	Capital Projects			
	Vehicle Replacement	Riverboat Gaming	Electronic Equipment Replacement	Performing Arts Center
Assets				
Cash and investments	\$ 1,655,547	\$ 761,878	\$ 936,656	\$ 353,883
Receivables:				
Property taxes	-	-	-	-
Accounts	-	60,521	-	-
Accrued interest	1,197	365	551	-
Due from other funds	614,674	-	-	-
Due from other governments	-	-	-	-
Advance to other funds	-	-	-	-
Total assets	\$ 2,271,418	\$ 822,764	\$ 937,207	\$ 353,883
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 39,870	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	39,870	-	-	-
Fund Balances:				
Reserved for encumbrances	284,985	-	15,341	-
Reserved for advances	-	-	-	-
Unreserved:				
Designated for pension contributions	-	-	-	-
Undesignated reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	1,946,563	822,764	921,866	353,883
Total fund balances	2,231,548	822,764	937,207	353,883
Total liabilities and fund balances	\$ 2,271,418	\$ 822,764	\$ 937,207	\$ 353,883

CIP/LOT & Interest		GEO Thuenen Overpass		Subdivision Deposits		Future Projects		Total	
\$	1,036,103	\$	185,228	\$	48,601	\$	114,197	\$	9,245,523
	-		-		-		-		1,450,147
	-		-		-		-		60,765
	164		112		-		69		10,355
	253,000		-		-		-		877,590
	-		-		-		-		208,559
	-		-		-		-		198,318
\$	1,289,267	\$	185,340	\$	48,601	\$	114,266	\$	12,051,257
\$	-	\$	-	\$	-	\$	-	\$	159,827
	-		-		-		-		21,702
	-		-		22		-		12,724
	-		-		-		-		17,052
	-		-		-		-		1,437,618
	-		-		22		-		1,648,923
	-		-		-		-		300,326
	-		-		-		-		198,318
	-		-		-		-		2,019,956
	-		-		-		-		2,201,206
	1,289,267		185,340		48,579		114,266		5,682,528
	1,289,267		185,340		48,579		114,266		10,402,334
\$	1,289,267	\$	185,340	\$	48,601	\$	114,266	\$	12,051,257

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2004

	Special Revenue			
	Housing and Urban			
	Road Use Tax	Development Section 8	Economic Development	Police
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	2,633,407	510,847	-	14,022
Use of money and property	9,018	555	36,259	555
Miscellaneous	7,989	6,595	165,611	2,309
Total revenues	2,650,414	517,997	201,870	16,886
Expenditures:				
Current operating:				
Public safety	-	-	-	22,647
Public works	2,517,040	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	526,682	252,609	-
General government	-	-	-	-
Capital outlay	-	-	487,683	-
Total expenditures	2,517,040	526,682	740,292	22,647
Excess (deficiency) of revenues over expenditures	133,374	(8,685)	(538,422)	(5,761)
Other financing sources (uses):				
Transfers in	6,833	-	-	-
Transfers out	(110,000)	-	-	(4,478)
Total other financing sources (uses)	(103,167)	-	-	(4,478)
Net changes in fund balance	30,207	(8,685)	(538,422)	(10,239)
Fund balances, beginning of year	837,248	111,047	1,225,918	46,244
Fund balances, end of year	<u>\$ 867,455</u>	<u>\$ 102,362</u>	<u>\$ 687,496</u>	<u>\$ 36,005</u>

(Continued)

Library	Park	Police Pension and Retirement Excess	Old Fashioned Fourth of July	Employee Benefits	
\$ -	\$ -	\$ -	\$ -	\$ 1,328,154	
-	-	-	-	72,632	
54,118	1,000	-	-	1,355	
6,278	1,753	84,664	235	-	
71,139	20,255	-	7,639	-	
131,535	23,008	84,664	7,874	1,402,141	
-	-	-	-	-	
-	-	-	-	-	
18,381	-	-	45,219	-	
-	72,645	-	-	-	
-	-	282	-	-	
74,021	-	-	-	-	
92,402	72,645	282	45,219	-	
39,133	(49,637)	84,382	(37,345)	1,402,141	
-	80,000	-	35,000	-	
-	(2,580)	-	-	(1,402,141)	
-	77,420	-	35,000	(1,402,141)	
39,133	27,783	84,382	(2,345)	-	
498,178	114,105	1,935,574	29,352	-	
\$ 537,311	\$ 141,888	\$ 2,019,956	\$ 27,007	\$ -	

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2004

	Capital Projects			
	Vehicle Replacement	Riverboat Gaming	Electronic Equipment Replacement	Performing Arts Center
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	2,273,158	-	-
Intergovernmental	-	-	-	-
Use of money and property	27,975	8,213	11,287	-
Miscellaneous	-	-	-	-
Total revenues	27,975	2,281,371	11,287	-
Expenditures:				
Current operating:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
General government	-	-	-	-
Capital outlay	201,664	-	79,823	-
Total expenditures	201,664	-	79,823	-
Excess (deficiency) of revenues over expenditures	(173,689)	2,281,371	(68,536)	-
Other financing sources (uses):				
Transfers in	435,000	-	190,000	-
Transfers out	(300,050)	(2,290,640)	(54,186)	-
Total other financing sources (uses)	134,950	(2,290,640)	135,814	-
Net changes in fund balance	(38,739)	(9,269)	67,278	-
Fund balances, beginning of year	2,270,287	832,033	869,929	353,883
Fund balances, end of year	\$ 2,231,548	\$ 822,764	\$ 937,207	\$ 353,883

CIP/LOT & Interest		GEO Thuenen Overpass		Subdivision Deposits		Future Projects		Total	
\$	-	\$	-	\$	-	\$	-	\$	1,328,154
	-		-		-		-		2,345,790
	-		-		-		-		3,214,749
	2,393		2,252		-		1,385		192,822
	-		50,000		12,508		7,500		351,545
	2,393		52,252		12,508		8,885		7,433,060
	-		-		-		-		22,647
	-		-		-		-		2,517,040
	-		-		-		-		63,600
	-		-		12,733		-		864,669
	-		-		-		-		282
	-		141,892		-		-		985,083
	-		141,892		12,733		-		4,453,321
	2,393		(89,640)		(225)		8,885		2,979,739
	1,532,105		-		-		-		2,278,938
	(743,743)		-		-		-		(4,907,818)
	788,362		-		-		-		(2,628,880)
	790,755		(89,640)		(225)		8,885		350,859
	498,512		274,980		48,804		105,381		10,051,475
\$	1,289,267	\$	185,340	\$	48,579	\$	114,266	\$	10,402,334

City of Bettendorf, Iowa

Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2004

	Recycling/Solid Waste Management	Palmer Hills Golf Course	City Recreation
Assets			
Current assets:			
Cash and investments	\$ 757,726	\$ 399,208	\$ 216,711
Receivables:			
Accounts and unbilled usage	270,141	19,034	5,168
Accrued interest	462	239	130
Due from other governments	-	-	-
Total current assets	1,028,329	418,481	222,009
Capital assets:			
Nondepreciable:			
Land	-	579,370	840,000
Construction-in-progress	-	17,213	-
Depreciable:			
Buildings and structures	-	324,180	3,441,871
Equipment and vehicles	1,927,202	635,088	200,158
Improvements other than buildings	-	869,437	85,885
Accumulated depreciation	(1,201,461)	(1,075,530)	(1,284,606)
Net capital assets	725,741	1,349,758	3,283,308
Total assets	\$ 1,754,070	\$ 1,768,239	\$ 3,505,317
Liabilities and Net Assets			
Liabilities:			
Current:			
Accounts payable	\$ 30,909	\$ 62,919	\$ 17,705
Compensated absences	9,176	4,461	3,681
Accrued liabilities	10,931	18,403	8,542
Due to other governments	1,878	7,848	3,208
Due to other funds	-	-	-
Total current liabilities	52,894	93,631	33,136
Noncurrent, compensated absences	24,480	11,899	9,820
Total liabilities	77,374	105,530	42,956
Net assets:			
Invested in capital assets, net of related debt	725,741	1,349,758	3,283,308
Unrestricted	950,955	312,951	179,053
Total net assets	1,676,696	1,662,709	3,462,361
Total liabilities and net assets	\$ 1,754,070	\$ 1,768,239	\$ 3,505,317

Aquatic Center	Transit	Total
\$ 251,883	\$ -	\$ 1,625,528
3,885	1,874	300,102
152	-	983
-	638,687	638,687
255,920	640,561	2,565,300

-	-	1,419,370
-	-	17,213
4,180,433	-	7,946,484
59,406	1,116,339	3,938,193
8,120	-	963,442
(481,128)	(393,857)	(4,436,582)
3,766,831	722,482	9,848,120
\$ 4,022,751	\$ 1,363,043	\$ 12,413,420

\$ 18,547	\$ 25,789	\$ 155,869
643	6,850	24,811
13,010	8,705	59,591
5,732	1,300	19,966
-	563,791	563,791
37,932	606,435	824,028
1,714	18,273	66,186
39,646	624,708	890,214

3,766,831	722,482	9,848,120
216,274	15,853	1,675,086
3,983,105	738,335	11,523,206
\$ 4,022,751	\$ 1,363,043	\$ 12,413,420

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
Year Ended June 30, 2004

	Recycling/ Solid Waste Management	Palmer Hills Golf Course	City Recreation
Operating revenues:			
Charges for services	\$ 412,341	\$ 678,770	\$ 711,827
Intergovernmental	-	-	-
Other, primarily concessions	400	144,084	-
Total operating revenue	412,741	822,854	711,827
Operating expenses:			
Salaries and benefits	603,607	463,473	388,653
Supplies and services	557,482	307,053	272,669
Depreciation	196,978	100,718	96,508
Total operating expenses	1,358,067	871,244	757,830
Operating (loss)	(945,326)	(48,390)	(46,003)
Nonoperating revenues:			
Investment earnings	5,763	4,351	2,616
Capital grants	-	-	-
Gain on disposal of assets	-	-	-
Total nonoperating revenues	5,763	4,351	2,616
Income (loss) before transfers	(939,563)	(44,039)	(43,387)
Transfers in	1,370,000	-	-
Changes in net assets	430,437	(44,039)	(43,387)
Net assets, beginning	1,246,259	1,706,748	3,505,748
Net assets, ending	<u>\$ 1,676,696</u>	<u>\$ 1,662,709</u>	<u>\$ 3,462,361</u>

Aquatic Center		Transit		Total	
\$	193,670	\$	35,112	\$	2,031,720
	-		248,330		248,330
	61,627		4,409		210,520
	255,297		287,851		2,490,570
	129,171		487,545		2,072,449
	96,105		302,338		1,535,647
	163,322		27,851		585,377
	388,598		817,734		4,193,473
	(133,301)		(529,883)		(1,702,903)
	2,794		676		16,200
	-		586,794		586,794
	-		5,000		5,000
	2,794		592,470		607,994
	(130,507)		62,587		(1,094,909)
	-		580,551		1,950,551
	(130,507)		643,138		855,642
	4,113,612		95,197		10,667,564
\$	3,983,105	\$	738,335	\$	11,523,206

City of Bettendorf, Iowa

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2004

	Recycling/ Solid Waste Management	Palmer Hills Golf Course	City Recreation
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 177,895	\$ 680,495	\$ 712,591
Receipts from other operating revenue	400	144,084	-
Payments to suppliers	(548,876)	(318,291)	(352,838)
Payments to employees	(598,785)	(460,300)	(387,196)
Net cash provided by (used in) operating activities	(969,366)	45,988	(27,443)
Cash Flows From Noncapital Financing Activities:			
Payments of interfund accounts	-	-	-
Transfers in	1,370,000	-	-
Net cash provided by noncapital financing activities	1,370,000	-	-
Cash Flows From Capital and Related Financing Activities:			
Purchase of capital assets	-	(36,462)	(68,114)
Proceeds from sale of capital assets	-	-	-
Net cash (used in) capital and related financing activities	-	(36,462)	(68,114)
Cash Flows From Investing Activities, interest received	5,482	4,324	2,657
Net increase (decrease) in cash and cash equivalents	406,116	13,850	(92,900)
Cash and cash equivalents:			
Beginning	351,610	385,358	309,611
Ending	<u>\$ 757,726</u>	<u>\$ 399,208</u>	<u>\$ 216,711</u>

(Continued)

Aquatic Center			Transit			Total		
\$	242,083	\$	34,188	\$	1,847,252			
	61,627		223,983		430,094			
	(280,060)		(287,002)		(1,787,067)			
	(128,250)		(483,795)		(2,058,326)			
	(104,600)		(512,626)		(1,568,047)			
	-		563,791		563,791			
	-		580,551		1,950,551			
	-		1,144,342		2,514,342			
	(48,868)		(708,553)		(861,997)			
	-		5,000		5,000			
	(48,868)		(703,553)		(856,997)			
	2,863		739		16,065			
	(150,605)		(71,098)		105,363			
	402,488		71,098		1,520,165			
\$	251,883	\$	-	\$	1,625,528			

City of Bettendorf, Iowa

Combining Statement of Cash Flows (Continued)

Nonmajor Enterprise Funds

Year Ended June 30, 2004

	Recycling/ Solid Waste Management	Palmer Hills Golf Course	City Recreation
Reconciliation of Operating (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Operating (loss)	\$ (945,326)	\$ (48,390)	\$ (46,003)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Depreciation	196,978	100,718	96,508
Change in assets and liabilities:			
Receivables	(234,446)	1,725	764
Accounts payable and due to other governments	8,606	(11,238)	694
Contracts payable	-	-	(80,863)
Compensated absences and accrued liabilities	4,822	3,173	1,457
Net cash provided by (used in) operating activities	\$ (969,366)	\$ 45,988	\$ (27,443)

Aquatic Center		Transit		Total	
\$	(133,301)	\$	(529,883)	\$	(1,702,903)
	163,322		27,851		585,377
	48,413		(29,680)		(213,224)
	(416)		15,336		12,982
	(183,539)		-		(264,402)
	921		3,750		14,123
<hr/>					
\$	(104,600)	\$	(512,626)	\$	(1,568,047)

City of Bettendorf, Iowa

Combining Statement of Net Assets
Internal Service Funds
June 30, 2004

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Assets					
Current assets:					
Cash and investments	\$ 959,438	\$ 592,291	\$ 395,536	\$ 355,246	\$ 2,302,511
Receivables:					
Accounts	3,183	-	-	-	3,183
Accrued interest	697	343	205	207	1,452
Due from other funds	-	1,198	-	-	1,198
Due from other governments	-	250	-	-	250
Prepaid items	-	-	-	6,489	6,489
Total current assets	963,318	594,082	395,741	361,942	2,315,083
Noncurrent assets:					
Capital assets:					
Nondepreciable, land	-	-	43,609	-	43,609
Depreciable:					
Buildings and structures	-	-	423,461	-	423,461
Equipment and vehicles	-	-	492,665	-	492,665
Accumulated depreciation	-	-	(551,269)	-	(551,269)
Total noncurrent assets	-	-	408,466	-	408,466
Total assets	\$ 963,318	\$ 594,082	\$ 804,207	\$ 361,942	\$ 2,723,549
Liabilities and Net Assets					
Liabilities:					
Current:					
Accounts payable	\$ 8,687	\$ 32,504	\$ 44,988	\$ 11,598	\$ 97,777
Claims payable	188,564	-	-	-	188,564
Compensated absences	-	-	5,596	6,013	11,609
Accrued liabilities	-	-	8,025	7,327	15,352
Due to other governments	-	-	1,186	976	2,162
Total current liabilities	197,251	32,504	59,795	25,914	315,464
Noncurrent, compensated absences	-	-	14,930	16,042	30,972
Total liabilities	197,251	32,504	74,725	41,956	346,436
Net assets:					
Invested in capital assets, net of related debt	-	-	408,466	-	408,466
Unrestricted	766,067	561,578	321,016	319,986	1,968,647
Total net assets	766,067	561,578	729,482	319,986	2,377,113
Total liabilities and net assets	\$ 963,318	\$ 594,082	\$ 804,207	\$ 361,942	\$ 2,723,549

City of Bettendorf, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2004

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Operating revenues:					
Charges for services	\$ 2,201,675	\$ 615,749	\$ 797,180	\$ 502,742	\$ 4,117,346
Other	-	37,894	-	-	37,894
Total operating revenues	2,201,675	653,643	797,180	502,742	4,155,240
Operating expenses:					
Salaries and benefits	1,503,754	-	356,815	354,504	2,215,073
Supplies and services	405,150	756,325	415,908	205,575	1,782,958
Depreciation	-	-	31,155	-	31,155
Total operating expenses	1,908,904	756,325	803,878	560,079	4,029,186
Operating income (loss)	292,771	(102,682)	(6,698)	(57,337)	126,054
Nonoperating revenues, investment earnings	12,600	3,420	4,180	4,624	24,824
Income (loss) before transfers	305,371	(99,262)	(2,518)	(52,713)	150,878
Transfers in	-	100,000	-	-	100,000
Changes in net assets	305,371	738	(2,518)	(52,713)	250,878
Total net assets, beginning	460,696	560,840	732,000	372,699	2,126,235
Total net assets, ending	\$ 766,067	\$ 561,578	\$ 729,482	\$ 319,986	\$ 2,377,113

City of Bettendorf, Iowa

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2004

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 2,203,106	\$ 615,699	\$ 806,520	\$ 502,742	\$ 4,128,067
Receipts from other operating revenue	-	37,894	-	-	37,894
Payments to suppliers	(406,116)	(742,520)	(419,141)	(210,413)	(1,778,190)
Payments to claimants	(1,469,948)	-	-	-	(1,469,948)
Payments to employees	-	-	(351,333)	(344,946)	(696,279)
Net cash provided by (used in) operating activities	327,042	(88,927)	36,046	(52,617)	221,544
Cash Flows From Noncapital Financing Activities:					
Payment of interfund accounts	-	279	-	-	279
Transfers in	-	100,000	-	-	100,000
Net cash provided by noncapital financing activities	-	100,279	-	-	100,279
Cash Flows From Investing Activities, interest received	12,245	3,323	4,147	4,598	24,313
Net increase (decrease) in cash and cash equivalents	339,287	14,675	40,193	(48,019)	346,136
Cash and cash equivalents:					
Beginning	620,151	577,616	355,343	403,265	1,956,375
Ending	<u>\$ 959,438</u>	<u>\$ 592,291</u>	<u>\$ 395,536</u>	<u>\$ 355,246</u>	<u>\$ 2,302,511</u>

(Continued)

City of Bettendorf, Iowa

Combining Statement of Cash Flows (Continued)

Internal Service Funds

For the Year Ended June 30, 2004

	Employee Health Insurance	Risk Management	Municipal Garage	Information Services	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 292,771	\$ (102,682)	\$ (6,698)	\$ (57,337)	\$ 126,054
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	31,155	-	31,155
Change in assets and liabilities:					
Receivables	1,431	(50)	9,340	-	10,721
Prepaid items	-	-	-	6,489	6,489
Accounts payable and due to other governments	(966)	13,805	(3,233)	(4,838)	4,768
Claims payable	33,806	-	-	-	33,806
Compensated absences and accrued liabilities	-	-	5,482	3,069	8,551
Net cash provided by (used in) operating activities	\$ 327,042	\$ (88,927)	\$ 36,046	\$ (52,617)	\$ 221,544

City of Bettendorf, Iowa

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2004

	Explorers	Section 125 Plan	Police Property Account	Total
Assets , cash and investments	\$ 10	\$ 9,339	\$ 6,721	\$ 16,070
Liabilities , accounts payable	\$ 10	\$ 9,339	\$ 6,721	\$ 16,070

City of Bettendorf, Iowa

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2004

Explorers	Balance June 30, 2003	Increases	Decreases	Balance June 30, 2004
Assets , Cash and investments	\$ 717	\$ 6,256	\$ 6,963	\$ 10
Liabilities , Accounts payable	\$ 717	\$ 6,256	\$ 6,963	\$ 10
Section 125 Plan				
Assets , cash and investments	\$ 8,700	\$ 78,901	\$ 78,262	\$ 9,339
Liabilities , accounts payable	\$ 8,700	\$ 78,901	\$ 78,262	\$ 9,339
Police Property Account				
Assets , cash and investments	\$ 12,063	\$ 2,888	\$ 8,230	\$ 6,721
Liabilities , accounts payable	\$ 12,063	\$ 2,888	\$ 8,230	\$ 6,721
Combined Funds				
Assets , Cash and investments	\$ 21,480	\$ 88,045	\$ 93,455	\$ 16,070
Liabilities , Accounts payable	\$ 21,480	\$ 88,045	\$ 93,455	\$ 16,070

City of Bettendorf, Iowa

Government-Wide Expenses By Function
Last Ten Fiscal Years (1)
(Unaudited)

Fiscal Year	Public Safety	Public Works	Culture and Recreation	Community and Economic Development	General Government	Debt Service	Sewer Utility
2002-03	\$ 7,128,273	\$ 4,929,302	\$ 3,471,635	\$ 1,121,332	\$ 3,393,296	\$ 2,584,034	\$ 2,773,237
2003-04	7,303,476	5,352,120	3,327,610	1,258,610	3,220,615	2,486,758	2,517,148

(1) Fiscal year 2003 was the first year of government-wide statements

Source: City records.

Family Museum of Arts & Science	Aquatic Center	Recycling/Solid Waste Mangement	Palmer Hills Golf Course	City Recreation	Stormwater Utility	Transit	Total
\$ 1,811,973	\$ 213,572	\$ 1,383,575	\$ 950,886	\$ 804,775	\$ 26,743	\$ 744,344	\$ 31,336,977
1,718,447	392,699	1,343,683	870,098	759,493	120,494	807,952	31,479,203

City of Bettendorf, Iowa

Government-Wide Revenues
Last Ten Fiscal Years (1)
(Unaudited)

Fiscal Year	Charges for Sales and Service	Operating Grants and Contributions	Capital Grants and Contributions	Taxes
2002-03	\$ 5,908,179	\$ 1,516,475	\$ 133,328	\$ 25,069,931
2003-04	6,459,547	1,287,572	5,225,184	25,933,955

(1) Fiscal year 2003 was the first year of government-wide statements

Source: City records

State Shared Revenues	Investment Earnings	Miscellaneous	Gain on Sale of Capital Assets	Total
\$ 428,560	\$ 770,772	\$ 1,797,518	\$ 229,877	\$ 35,854,640
40,995	501,862	1,001,176	-	40,450,291

City of Bettendorf, Iowa

General Governmental Expenditures by Program
Last Ten Fiscal Years

	2004	2003	2002	2001
Community protection	*	*	\$ 6,823,164	\$ 7,101,978
Human development	*	*	3,152,880	2,857,429
Home and community environment	*	*	4,021,299	4,120,753
Policy and administration	*	*	3,237,325	2,974,569
Public safety	\$ 6,914,003	\$ 6,617,387	*	*
Public works	2,557,007	2,309,379	*	*
Culture and recreation	2,965,014	2,826,226	*	*
Community and economic development	1,218,663	1,048,976	*	*
General government	2,790,248	2,860,894	*	*
Capital outlay	6,199,642	7,490,960	10,781,112	9,226,513
Debt service	9,540,758	6,456,316	5,963,952	6,093,307
	\$ 32,185,335	\$ 29,610,138	\$ 33,979,732	\$ 32,374,549

Note: Includes the General, special revenue, Debt Service and capital projects funds.

* Beginning in fiscal year 2003, the City converted to the State of Iowa's new budget format of program expenditures.

Fiscal Year					
2000	1999	1998	1997	1996	1995
\$ 5,993,527	\$ 5,500,328	\$ 5,104,642	\$ 4,897,082	\$ 4,549,458	\$ 4,229,664
2,522,003	2,508,515	2,291,769	2,492,497	2,851,171	3,269,209
3,477,567	5,889,610	3,479,159	2,909,710	3,017,703	3,044,934
3,188,137	2,705,217	2,644,767	2,655,045	2,603,581	2,623,211
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
13,886,745	11,492,709	16,338,303	12,013,092	7,544,589	4,950,157
5,441,013	4,559,997	3,843,012	4,354,282	4,141,096	5,356,004
\$ 34,508,992	\$ 32,656,376	\$ 33,701,652	\$ 29,321,708	\$ 24,707,598	\$ 23,473,179

City of Bettendorf, Iowa

General Governmental Revenue By Source
Last Ten Fiscal Years

	2004	2003	2002	2001
Total taxes	\$ 22,750,315	\$ 19,890,483	\$ 19,244,778	\$ 18,827,936
Special assessments	25,975	35,185	8,459	23,125
License and permits	621,466	598,484	411,922	437,141
Intergovernmental	3,973,556	6,362,813	6,703,471	6,764,956
Charges for services	401,753	240,675	340,170	266,062
Investment earnings	*	*	1,027,639	1,571,966
Use of money and property	444,476	675,735	*	*
Miscellaneous	976,223	1,797,479	1,488,367	713,700
	\$ 29,193,764	\$ 29,600,854	\$ 29,224,806	\$ 28,604,886

Note: Includes the General, special revenue, Debt Service and capital projects funds.

* Beginning in fiscal year 2003, investment earnings is now included in the revenue category "Use of Money and Property", which also includes monies from rents, leases, and penalties. The income from rents, leases, and penalties was included in Miscellaneous Revenue prior to fiscal year 2003.

Fiscal Year					
2000	1999	1998	1997	1996	1995
\$ 17,811,262	\$ 15,603,381	\$ 16,504,454	\$ 15,793,180	\$ 14,536,495	\$ 13,718,031
116,123	11,202	10,030	21,591	91,365	54,238
464,415	476,363	500,875	361,664	344,976	314,466
7,357,588	8,382,630	6,422,226	5,651,727	4,367,142	3,690,139
303,585	313,494	404,290	238,911	783,281	1,232,802
771,187	897,903	1,476,530	1,298,385	1,296,547	690,648
*	*	*	*	*	*
1,098,725	1,266,176	1,538,943	1,883,022	781,650	684,785
\$ 27,922,885	\$ 26,951,149	\$ 26,857,348	\$ 25,248,480	\$ 22,201,456	\$ 20,385,109

City of Bettendorf, Iowa

Property Tax Rates*, Direct and Overlapping Governments Last Ten Fiscal Years

Assessment January 1,	Collection Year	Bettendorf School District	City of Bettendorf	Scott County
2002	2003/04	\$ 15.77779	\$ 11.85000	\$ 4.80887
2001	2002/03	15.78768	11.85000	4.48067
2000	2001/02	14.56220	11.45555	4.17307
1999	2000/01	14.57951	11.46317	4.16147
1998	1999/00	14.81448	11.49320	4.06203
1997	1998/99	15.57107	11.45555	3.91472
1996	1997/98	15.46181	11.45587	4.19239
1995	1996/97	15.58368	11.45613	4.32681
1994	1995/96	16.72025	11.45562	4.42243
1993	1994/95	16.47664	11.45553	4.96037

* Property tax rates are per \$1,000 of assessed valuation.

Data Source: "Tax Levies for Scott County, Iowa" compiled by Scott County Auditor.

County Assessor	Area IX	Other	Total Levy	Ratio of Bettendorf To Total
\$ 0.33119	\$ 0.61738	\$ 0.06721	\$ 33.45244	35.4%
0.33124	0.62633	0.06248	33.13840	35.8
0.31830	0.60382	0.06790	31.18084	36.7
0.31843	0.60302	0.06700	31.19260	36.7
0.22997	0.54709	0.06732	31.21409	36.8
0.25072	0.57182	0.03868	31.80256	36.0
0.23867	0.58671	0.04077	31.97622	35.8
0.23869	0.51543	0.04144	32.16218	35.6
0.22992	0.51856	0.04246	33.38924	34.3
0.20392	0.52125	0.04352	33.66123	34.0

City of Bettendorf, Iowa

**Assessed and Taxable Values of Taxable Property
Last Ten Fiscal Years**

Assessment January 1,	Collection Year Ended June 30,	Taxable Property Value	Assessed Property Value *	Ratio of Taxable to Assessed Value
2002	2004	\$ 1,148,695,103	\$ 2,069,245,898	55.5%
2001	2003	1,127,591,660	1,849,964,291	61.0
2000	2002	1,108,612,002	1,683,281,288	65.9
1999	2001	1,052,427,470	1,630,622,555	64.5
1998	2000	985,933,829	1,484,727,879	66.4
1997	1999	961,234,946	1,470,609,979	65.4
1996	1998	952,226,941	1,375,015,683	69.3
1995	1997	937,238,483	1,352,915,612	69.3
1994	1996	921,982,864	1,216,082,621	75.8
1993	1995	897,756,890	1,173,661,543	76.5

* Excludes TIF increment and includes agricultural land and buildings and gas and electric utilities and military exemptions

Data Source: Scott County

City of Bettendorf, Iowa

Computation of Direct and Overlapping Debt
June 30, 2004

Name of Governmental Unit	Total General Long-Term Bonded Debt Outstanding	Percent Applicable To the City of Bettendorf	Amount Applicable To the City of Bettendorf
School District, Bettendorf	\$ 6,240,000	81.05%	\$ 5,057,317
School District, Pleasant Valley Community	-	-	-
School District, North Scott	6,825,000	0.30	20,290
Scott County	9,245,000	22.22	2,054,542
Eastern Iowa Community College	35,085,000	13.10	4,597,470
	<u>57,395,000</u>		<u>11,729,619</u>
City of Bettendorf	57,445,000	100.00	57,445,000
	<u>\$ 114,840,000</u>		<u>\$ 69,174,619</u>

Data Source: Scott County

City of Bettendorf, Iowa

**Ratio of Annual Debt Service Expenditures for General Bonded Debt and Capital
Leases to the Total of General, Special Revenue, Debt Service and Capital Projects Funds Expenditures
Last Ten Fiscal Years**

Year Ended June 30,	Principal	Interest and Bond Issuance Costs	Total Debt Service	Total General, Special Revenue, Debt Service and Capital Projects Expenditures	Ratio of Debt Service To General, Special Revenue, Debt Service and Capital Projects Expenditures
2004	\$ 7,006,601	\$ 2,534,157	\$ 9,540,758	\$ 32,185,335	29.64%
2003	3,816,862	2,639,454	6,456,316	29,610,138	21.80
2002	3,500,641	2,463,311	5,963,952	33,979,732	17.55
2001	3,719,420	2,373,887	6,093,307	32,374,549	18.82
2000	3,250,496	2,190,517	5,441,013	34,508,992	15.77
1999	2,210,495	2,349,502	4,559,997	32,656,376	13.96
1998	2,017,646	1,825,366	3,843,012	33,701,652	11.40
1997	2,940,000	1,414,282	4,354,282	29,321,708	14.85
1996	2,775,000	1,366,096	4,141,096	24,707,598	16.76
1995 (1)	4,164,051	1,195,429	5,359,480	23,473,179	22.83

- (1) On June 1, 1995, \$1,370,000 of bonds were called and paid as a result of the City issuing \$1,420,000 of general obligation bonds to crossover and advance refund outstanding 1986 maintenance center construction general obligation bonds in fiscal year 1991.

City of Bettendorf, Iowa

**Special Assessment Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Special Assessments Billed	Special Assessments Collected (1)	Ratio of Collection To Amount Billed	Total Outstanding Assessments
2004	\$ 50,594	\$ 89,852	21.89%	\$ 177,924
2003	49,599	141,401	285.1	217,182
2002	109,175	70,160	64.3	308,984
2001	274,614	78,871	28.7	269,969
2000	23,324	115,117	493.6	74,226
1999	4,522	8,882	196.4	166,019
1998	2,955	10,027	339.3	170,433
1997	9,532	21,591	226.5	177,505
1996	127,710	91,365	71.5	189,564
1995	37,073	54,238	146.3	153,219

(1) Includes current and delinquent assessments collected.

City of Bettendorf, Iowa

Demographic Statistics Last Ten Years

Year	Population	Per Capita Income	Median Age	Median Family Income	Education Level (1)
1950	5,132	\$ 932	29.8	\$ 3,667	38.9%
1960	11,534	1,634	26.9	6,459	62.3
1970	22,126	3,879	24.9	12,534	74.4
1980	27,381	9,939	29.4	26,501	84.7
1990	28,132	17,747	34.8	46,770	90.1
1996 (2)	30,976	17,747	34.8	46,770	90.1
2000	31,275	28,053	38.7	66,620	92.6

Source: U.S. Department of Commerce, Bureau of Census.

(1) Percent of adult population 25 years old and over completing 12 years of formal schooling or more.

(2) Special census.

Year	School Enrollment			Unemploy- ment Rate (6)	Taxable Retail Sales Approximate (7)
	Public (3)	Private (4)	Parochial (5)		
1995	4,598	238	418	2.4%	\$ 254,705,290
1996	4,585	310	415	2.3	256,297,830
1997	4,561	279	425	3.1	244,166,921
1998	4,650	210	442	1.8	249,691,945
1999	4,508	202	551	2.3	253,789,572
2000	4,434	205	425	1.7	277,092,031
2001	4,436	203	419	2.2	265,749,843
2002	4,446	235	428	2.8	249,715,871
2003	4,089	240	403	4.1	259,609,311
2004	4,358	255	387	3.3	293,892,085

Sources:

- (3) Bettendorf Community School District Office
- (4) Local Private School Office
- (5) Local Parochial School Office
- (6) Job Service of Iowa
- (7) Iowa Department of Revenue

City of Bettendorf, Iowa

Miscellaneous Statistical Data Year Ended June 30, 2004

Date of incorporation	January 1903
Form of government	Mayor/Council
Area	21.4 square miles
Population	31,275
Miles of streets:	
Paved, approximate	151.0
Unpaved, approximate	26.5
Number of street lights	1,733
Number of traffic signals	38
Police protection:	
Number of stations	1
Number of sworn peace officers	45
Fire protection:	
Number of stations	4
Number of sworn paid firefighters	19
Number of sworn volunteer firefighters	47
Number of fire hydrants	1,268
Sewers:	
Sanitary sewer lift stations	3
Active stormwater pumping stations	2
Miles of sanitary sewers, approximate	158
Recreation:	
Municipal parks:	
Number of parks	20
Number of acres	511
Municipal swimming pools	1
Golf courses, municipal	1
Golf courses, nonmunicipal	2
Community Center	1
Life Fitness Center	1
Ball diamonds	21
Tennis courts	28
Boat launches	2
Museums, Family Museum of Arts & Science	1

(Continued)

City of Bettendorf, Iowa

Miscellaneous Statistical Data (Continued) Year Ended June 30, 2004

Sanitation:

Number of customers, approximate	11,400
Household waste, approximate tons per day	27.00
Yard waste, approximate tons per day	5.20

Recyclables, approximate tons per day	7.34
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Library:

Number of items, approximate	131,298
Registered cardholders	22,063

Educational institutions (1):

Elementary schools	6
Middle schools	1
High schools	1
Private schools, preschool - 12	1
Parochial schools, preschool - 8	1
Alternative learning centers	1
Community college	1

City employees in full-time equivalents	289
---	-----

Elections (2):

Last general election, 2000:

Registered voters	24,530
Number of votes cast	13,729
Percentage voting	56%

Last municipal election - 2001:

Registered voters	23,838
Number of votes cast	828
Percentage voting	3%

Data Source:

(1) Bettendorf Community School District Office

(2) Scott County Auditor's Office

City of Bettendorf, Iowa

Principal Taxpayers and Employers Fiscal Year Ended June 30, 2004

	Type of Business	Assessed Valuation	% of Total Assessed Valuation
Ten largest taxpayers (1):			
Isle of Capri Bettendorf LC	Casino/Hotel	\$ 40,180,640	2.13%
CMS/Chateau Knoll	Apartments	13,417,240	0.71
Americold Real Estate LP	Cold storage	9,014,040	0.48
Genventures, Inc.	Healthcare facilities	8,118,700	0.43
Bettendorf Regency Apartments LC	Apartments	7,789,870	0.41
Green Bridge Company	Riverboat Properties	6,444,380	0.34
Qwest	Utility	6,392,901	0.34
Duck Creek LLC	Retail Mall	6,327,840	0.34
Davenport Water Co.	Utility	6,071,657	0.32
Olympic Steel Iowa Inc.	Manufacturing	5,856,590	0.31
Total		<u>\$ 109,613,858</u>	<u>5.81%</u>
Total assessed value (100%)		<u>\$ 1,887,550,520</u>	*

		Number of Employees (Including Full and Part-Time)
Ten major employers (2):		
Aluminum Company of America (3)	Aluminum manufacturing	2,100
Isle of Capri	Riverboat casino & hotel	951
Mississippi Bend Area Education Agency	Education agency	530
HyVee Food Stores	Retail food store	420
Eastern Iowa Community College District	School	393
Bettendorf Community School District	School	390
City of Bettendorf	Government	357
Sivyer Steel	Foundry	350
The Lodge (formerly Jumer's Castle Lodge)	Hotel	200
The Schebler Company	Metal fabrication	150

Data Source:

- (1) Scott County Auditor
- (2) Quad City Development Group and the respective employers
- (3) Total employees in Bettendorf and Riverdale

* Excludes TIF increment and includes agricultural land and buildings and gas and electric utilities.

City of Bettendorf, Iowa

Income Distribution

Fiscal Year Ended June 30, 2004

	City of Bettendorf		Scott County		State of Iowa	
	Families	%	Families	%	Families	%
Less than \$10,000	174	2.0%	2,005	4.8%	29,696	3.8%
\$10,000 to \$14,999	158	1.8	1,569	3.7	27,647	3.6
\$15,000 to \$24,999	511	5.8	4,022	9.5	82,185	10.6
\$25,000 to \$34,999	684	7.8	4,960	11.8	105,089	13.6
\$35,000 to \$49,999	1,290	14.8	7,212	17.1	161,399	20.8
\$50,000 to \$74,999	2,285	26.1	10,985	26.1	203,738	26.3
\$75,000 to \$99,999	1,613	18.5	5,981	14.2	89,699	11.6
\$100,000 to \$149,999	1,317	15.1	3,725	8.8	50,322	6.5
\$150,000 to \$199,000	372	4.3	835	2.0	11,511	1.5
\$200,000 or more	333	3.8	823	2.0	12,960	1.7
Totals	8,737	100.0%	42,117	100.0%	774,246	100.0%

	City of Bettendorf		Scott County		State of Iowa	
	Persons	%	Persons	%	Persons	%
Educational attainment:						
Elementary:						
0-8 years	446	2.1%	4,440	4.3%	105,424	5.6%
High School:						
1-3 years	1,105	5.3	9,539	9.3	158,012	8.3
High school graduate	4,804	22.9	31,372	30.8	683,942	36.1
College:						
1-3 years	6,470	30.8	31,390	30.7	546,388	28.8
College graduate	5,378	25.7	17,069	16.7	278,350	14.7
Graduate degree	2,760	13.2	8,339	8.2	123,740	6.5
Totals	20,963	100.0%	102,149	100.0%	1,895,856	100.0%

Sources:

U.S. Census Bureau, Census 2000

City of Bettendorf, Iowa

Comparison of Taxes and Intergovernmental Revenue
Last Ten Fiscal Years

	2004	2003	2002	2001
Property taxes:				
Property taxes	\$ 13,084,732	\$ 12,868,877	\$ 12,152,537	\$ 11,608,682
TIF	2,096,938	1,959,951	1,813,741	1,897,563
Total property taxes	15,181,670	14,828,828	13,966,278	13,506,245
Other City taxes:				
Hotel/motel taxes	814,230	752,456	751,467	798,468
Local option sales tax	3,781,620	3,651,869	3,553,136	3,570,729
Utility franchise tax	690,668	648,397	629,454	631,436
Mobile home tax	8,969	8,933	8,939	9,632
Gaming tax	2,273,158	-	-	-
Cable franchise tax	-	-	335,504	311,426
Miscellaneous	-	-	-	-
Total other City taxes	7,568,645	5,061,655	5,278,500	5,321,691
Total taxes	22,750,315	19,890,483	19,244,778	18,827,936
Intergovernmental revenue:				
Bank franchise tax	33,200	41,362	14,233	34,707
Cable franchise tax	319,234	321,090	-	-
State population allocation	-	-	-	-
State tax replacement credits	20,627	408,356	631,407	632,819
Road use tax	2,619,144	2,524,432	2,531,225	2,480,237
Primary road maintenance	14,263	14,263	14,263	14,263
Liquor profit	26,732	30,502		27,333
Iowa state transit assistance	117,084	130,308	133,793	188,688
Iowa open access	19,072	39,676	38,633	66,454
Riverboat gaming	-	2,134,506	2,099,845	2,017,007
Revitalizing Iowa's Sound Economy (RISE)	-	-	-	-
Iowa economic development loans	-	-	-	-
Federal grants	1,308,866	802,062	999,599	954,093
Other	330,458	176,477	234,135	349,355
Total intergovernmental revenue	4,808,680	6,623,034	6,697,133	6,764,956
Total	\$ 27,558,995	\$ 26,513,517	\$ 25,941,911	\$ 25,592,892

Note: Includes all governmental and proprietary funds.

2000		1999		1998		1997		1996		1995	
\$	11,481,279	\$	11,015,193	\$	10,865,971	\$	10,601,680	\$	10,445,241	\$	10,142,156
	1,602,647		337,935		253,620		53,163		103,509		-
	13,083,926		11,353,128		11,119,591		10,654,843		10,548,750		10,142,156
	838,909		875,658		805,327		741,511		734,696		745,620
	3,732,436		3,139,128		3,722,925		3,520,086		2,632,075		2,694,372
	-		-		-		-		-		-
	9,614		9,339		10,436		10,914		6,787		10,374
	-		-		856,205		887,417		705,552		125,509
	262,500		237,330		-		-		-		-
	-		-		-		-		-		54,238
	4,843,459		4,261,455		5,394,893		5,159,928		4,079,110		3,630,113
	17,927,385		15,614,583		16,514,484		15,814,771		14,627,860		13,772,269
	23,273		60,892		43,840		34,445		2,572		24,930
	-		-		207,793		190,708		178,324		163,539
	-		-		324,760		530,120		477,135		-
	587,661		568,465		212,609		-		-		477,441
	2,537,823		2,355,960		2,112,810		2,116,249		1,933,136		1,712,574
	14,263		14,263		13,424		13,424		13,424		12,837
	23,933		30,185		-		-		-		-
	146,768		140,591		140,519		138,342		113,994		101,615
	72,126		70,738		58,080		72,756		57,508		78,671
	1,916,182		1,772,530		547,778		514,308		-		-
	-		100,000		-		-		-		-
	-		2,000,000		-		-		-		812,127
	1,865,900		1,080,068		2,619,467		2,004,816		918,720		-
	169,659		269,327		141,146		36,559		672,329		306,405
	7,357,588		8,463,019		6,422,226		5,651,727		4,367,142		3,690,139
\$	25,284,973	\$	24,077,602	\$	22,936,710	\$	21,466,498	\$	18,995,002	\$	17,462,408

City of Bettendorf, Iowa

Property Value, Building Permits and Bank Deposits
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxable Property Value (1)	New Construction	
		Number of Permits	Assessed Value of Permits
2004	\$ 1,148,695,103	166	\$ 45,449,388
2003	1,127,591,660	107	63,609,365
2002	1,108,612,002	134	30,712,421
2001	1,052,427,470	151	35,213,060
2000	985,933,829	183	33,018,396
1999	961,234,946	160	35,245,616
1998	952,226,941	166	33,524,769
1997	937,238,483	136	21,807,404
1996	921,982,864	160	23,686,749
1995	897,756,890	103	18,555,749

Data Source: Annual report, planning department, City of Bettendorf

(1) Scott County auditor valuation report.

(2) Quad City Bank & Trust opened during FY 1993/94.

Remodeling Repair and Additions		Total Building Permits		Bank Deposits
Number of Permits	Assessed Value of Permits	Number of Permits	Assessed Value of Permits	
1,176	\$ 15,506,962	1,342	\$ 60,956,350	\$ 706,817,000
1,101	12,512,221	1,208	76,121,586	635,532,000
1,332	9,776,902	1,466	40,489,323	526,744,000
1,089	10,796,642	1,240	46,009,702	455,365,000
1,075	11,533,139	1,258	44,551,535	288,067,000
1,081	7,957,933	1,241	43,203,549	247,966,000
1,052	14,605,237	1,218	48,130,006	197,384,000
523	2,998,859	659	24,806,263	135,900,000
909	6,747,154	1,069	30,433,903	92,918,000
841	5,326,417	944	23,882,166	61,097,000 (2)

City of Bettendorf, Iowa

Property Tax Rates and Tax Dollars Budgeted
Last Ten Fiscal Years

	2004	2003	2002	2001
General	\$ 6.54800	\$ 6.54800	\$ 6.39072	\$ 6.40498
Employee benefits	1.23023	1.23023	1.14629	1.13715
Insurance	0.27177	0.27177	0.11854	0.11862
Debt service	3.80000	3.80000	3.80000	3.80242
Total	\$ 11.85000	\$ 11.85000	\$ 11.45555	\$ 11.46317
Agricultural land	\$ 3.00375	\$ 3.00362	\$ 3.00375	\$ 3.00375

(1) Tax rate per \$1,000 of taxable valuation

Fiscal Year									
2000		1999		1998		1997		1996	
\$	6.54431	\$	6.64027	\$	6.51518	\$	6.05685	\$	6.38389
	1.02077		0.85866		0.81382		1.06248		0.93333
	0.11616		0.15662		0.32662		0.53661		0.41583
	3.81196		3.80000		3.80025		3.80019		3.72257
\$	11.49320	\$	11.45555	\$	11.45587	\$	11.45613	\$	11.45562
\$	3.00375	\$	3.00375	\$	2.96915	\$	3.00375	\$	3.00375
									2.98783

City of Bettendorf, Iowa

Property Tax Dollars Certified
Last Ten Fiscal Years

	2004	2003	2002	2001
General	\$ 7,096,449	\$ 6,959,989	\$ 6,668,393	\$ 6,318,727
Employee benefits	1,333,272	1,307,634	1,196,095	1,121,837
Insurance	294,533	288,869	123,690	117,023
Debt service	4,396,728	4,317,988	4,223,368	4,026,620
Agricultural land	17,656	17,884	18,238	17,739
Total	\$ 13,138,638	\$ 12,892,364	\$ 12,229,784	\$ 11,601,946

Fiscal Year					
2000	1999	1998	1997	1996	1995
\$ 6,393,758	\$ 6,345,781	\$ 6,169,057	\$ 5,643,664	\$ 5,853,188	\$ 5,636,234
997,306	820,581	770,538	990,004	855,738	833,026
113,486	149,670	309,249	500,000	381,264	371,146
3,955,879	3,680,464	3,637,234	3,549,374	3,426,223	3,384,154
16,997	16,773	16,078	16,246	15,345	15,581
<hr/>					
\$ 11,477,426	\$ 11,013,269	\$ 10,902,156	\$ 10,699,288	\$ 10,531,758	\$ 10,240,141

City of Bettendorf, Iowa

**Ratio of Net General Obligation Bonded Debt to Taxable
Property Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years**

	2004	2003	2002	2001
Population (1)	31,275	31,275	31,275	31,275
Taxable property value (2)	\$ 1,148,695,103	\$ 1,127,591,660	\$ 1,108,612,002	\$ 1,052,427,470
Gross general obligation bonded debt (3)	57,445,000	49,485,000	46,245,000	42,971,519
Less debt service fund balance	6,391,734	4,986,529	2,247,776	2,052,121
Net general obligation bonded debt	51,053,266	44,498,471	43,997,224	40,919,398
Net general obligation bonded debt to taxable value	0.0444	0.0395	0.0397	0.0389
Net general obligation bonded debt per capita	1,632	1,423	1,407	1,308

Data Source:

(1) Bi-State Regional Commission, Bureau of Census

(2) Scott County Auditor Valuation Report

(3) Auditor City Financial Reports

Fiscal Year					
2000	1999	1998	1997	1996	1995
30,976	30,976	30,976	30,976	28,132	28,132
\$ 985,933,829	\$ 961,234,946	\$ 952,226,941	\$ 937,238,483	\$ 921,982,864	\$ 897,756,890
39,930,361	36,509,203	39,023,045	30,657,060	32,219,548	14,425,000
3,127,867	3,147,394	3,299,181	411,740	529,091	522,299
36,802,494	33,361,809	35,723,864	30,245,320	31,690,457	13,902,701
0.0373	0.0347	0.0375	0.0323	0.0344	0.0155
1,188	1,077	1,153	976	1,126	494

City of Bettendorf, Iowa

Property Tax Levies and Collections
Last Ten Fiscal Years

	2003/04	2002/03	2001/02	2000/01
Total tax levy (1)	\$ 13,138,638	\$ 12,892,364	\$ 12,229,784	\$ 11,601,946
Unfunded state replacement credits and abated taxes (2)	-	-	-	-
Net tax collectible on levy	\$ 13,138,638	\$ 12,892,364	\$ 12,229,784	\$ 11,601,946
Current tax collections (3)	\$ 13,045,163	\$ 12,809,584	\$ 12,151,763	\$ 11,608,083
% of current collections to net levy	99.29%	99.36%	99.36%	100.05%
Delinquent tax collections (refund) (4)	\$ 39,568	\$ 59,294	\$ 774	\$ 600
Total tax collections	13,084,731	12,868,878	12,152,537	11,608,683
% of total collections to net levy	99.59%	99.82%	99.37%	100.06%

Data Source:

- (1) Levy rate sheet from Scott County Auditor's Office as certified to the State of Iowa.
- (2) State of Iowa.
- (3) Monthly tax allocation reports from Scott County Treasurer.
- (4) Effective fiscal year 1992, the interest rate on delinquent taxes was set at 24% by the State of Iowa.
Increased collections on the current levy reflect the impact of the higher interest rate.
- (5) Due to a refund on a court ordered assessment reduction.

Collection Year					
1999/00	1998/99	1997/98	1996/97	1995/96	1994/1995
\$ 11,477,426	\$ 11,013,269	\$ 10,902,156	\$ 10,699,289	\$ 10,531,758	\$ 10,240,141
-	367	(14,098)	(89,001)	(89,689)	(97,262)
\$ 11,477,426	\$ 11,013,636	\$ 10,888,058	\$ 10,610,288	\$ 10,442,069	\$ 10,142,879
\$ 11,477,426	\$ 11,009,025	\$ 10,887,633	\$ 10,601,001	\$ 10,440,659	\$ 10,139,855
100.00%	99.96%	100.00%	99.91%	99.99%	99.97%
\$ 3,853	\$ 6,168	\$ (21,662)	(5) \$ 678	\$ 4,534	\$ 2,301
11,481,279	11,015,193	10,865,971	10,601,679	10,445,193	10,142,156
100.03%	100.01%	99.80%	99.92%	100.03%	99.99%

City of Bettendorf, Iowa

**Schedule of Insurance in Force
June 30, 2004**

Carrier/Agency	Type of Coverage	Description
ICAP Trissel/Graham & Toole	General Liability	Premises and operations
ICAP Trissel/Graham & Toole	Law Enforcement Liability	Police Department
ICAP Trissel/Graham & Toole	Auto Liability	Auto liability and physical damage
	Auto/Phys. Damage	
ICAP Trissel/Graham & Toole	Public Entity Mgt. Liab.	Public Official Liability
ICAP Trissel/Graham & Toole	Excess Liability	Excess over GL, Fleet, Law
Transcontinental Ins. Trissel/Graham & Toole	Dram liability	Golf course
IMWCA	Workers' compensation / Employer's liability	Workers' compensation / Employer's liability
ICAP Trissel Graham & Toole	Employee Benefit Plan Administration Liability	

(Continued)

Amount Of Coverage	Coinsurance Required Deductible	Policy Number	Expiration Date	Premium
\$2,000,000/OCC. \$5,000 Med Pay \$250,000 Sewer Backup/Occ. \$250,000 Sewer Backup/Agg.	\$5,000	520	07/01/2004	\$ 64,499
\$2,000,000/Occ.	\$10,000	520	07/01/2004	15,221
\$2,000,000/Acc. UM/UIM-H/NO (Auto), \$1,000,000 \$5,000 Med. (PPTs)	\$5,000	520	07/01/2004	55,427
Scheduled Phys. Damage	\$500/\$1,000	520	07/01/2004	38,596
\$2,000,000/Occ.	\$10,000	520	07/01/2004	18,738
\$10,000,000/Occ. \$10,000,000/Agg.	Underlying	520	07/01/2004	32,344
\$1,000,000/CSL	N/A	LLP223621257	04/18/2005	2,706
Statutory/\$1,000,000	N/A	324	07/01/2004	327,836
Estimated annual premium subject to final audit. Includes credit for experience modifications and IMWCA discount. Reflects bond credit of \$3,576				
\$2,000,000/Occ.	\$1,000	520	07/01/2004	Included

City of Bettendorf, Iowa

Schedule of Insurance in Force (Continued)

June 30, 2004

Carrier/Agency	Type of Coverage	Description
ICAP Ruhl and Ruhl	Commercial Property	Building & Contents Bus. Income/Xtr. Expense Personal Property - In Transit Pers. Property Any Other Location EDP 1609 State St. Contractors Equip Fine Arts - 1609 State St. Coinsurance Flood Earthquake
ICAP Ruhl & Ruhl	Machinery Breakdown	Property Damage
Employers Mutual Company Ruhl & Ruhl	Crime	Blanket Employee Dishonesty Forgery or Alteration
IA Underground Storage Tank	UST Liability	State UST Program

Amount Of Coverage	Coinsurance Required Deductible	Policy Number	Expiration Date	Premium
Per Schedule	Per Schedule	520	07/01/2004	\$ 109,294
\$ 50,465,560	\$ 10,000	520	07/01/2004	4,130
1,000,000	5,000	T213454	07/01/2004	1,179
250,000	5,000			
\$500,000 Occ./\$1 Mil Agg	5,000			

City of Bettendorf, Iowa

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

Federal Grantor/Pass Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Direct Program, Lower Income Housing Assistance Program, Section 8		14.871	\$ 510,847
U.S. Department of Transportation:			
Direct Program, Federal Transit Capital and Operating Assistance			
Formula Grants:			
Preventive Maintenance	IA-90-0269	20.507	66,759
Planning	IA-90-2260	20.507	31,952
ADA	IA-90-8260	20.507	6,298
Planning	IA-90-2269	20.507	13,643
ADA	IA-90-8269	20.507	12,594
Capital	IA-90-0227	20.507	186,445
Capital	IA-90-0237	20.507	107,895
Capital	IA-90-0247	20.507	142,544
Capital	IA-90-0260	20.507	149,910
			<u>718,040</u>
Passed through Iowa Department of Public Safety:			
State and Community Highway Safety Police Traffic Services	PAP 04-04, Task 01	20.600	5,499
State and Community Highway Safety Police Traffic Services	PAP 03-04, Task 02	20.600	3,864
			<u>9,363</u>
Passed through Iowa Department of Transportation, Innovative Bridge Research and Construction	IBRC-0587(20)--8E-82	20.205	16,535
Total U.S. Department of Transportation			<u><u>743,938</u></u>
U.S. Department of Justice:			
Passed through the Scott County Attorney's office, Drug Control and System Improvement Grant	N/A	16.579	53,472
Direct Programs:			
Bulletproof Vest Program	N/A	16.607	3,120
Local Law Enforcement Block Grant	2003-LB-BX-11202	16.592	14,023
Total U.S. Department of Justice			<u><u>70,615</u></u>
Total federal expenditures			<u><u>\$ 1,325,400</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Bettendorf, Iowa and discretely presented component unit for the year ended June 30, 2004. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of State, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

City of Bettendorf, Iowa

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2004

Finding		Status	Corrective Action Plan or Other Explanation
Other Findings Related to Required Statutory Reporting			
03-IV-B	Expenditures/expenses exceeded the amounts budgeted in the general government and business-type functions.	Corrective action taken.	
03-IV-G	The City did not publish a summary of all receipts received monthly.	Not corrected.	See corrective action plan at 04-IV-G.
03-IV-N	The City had a deficit fund balance in the Tax Increment Financing Fund.	Corrective action taken.	

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council
City of Bettendorf
Bettendorf, Iowa

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Bettendorf, Iowa as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 29, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City in a separate letter dated October 29, 2004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretation of those statutes.

This report is intended for the information of the City Council, management and appropriate regulatory or oversight bodies and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
October 29, 2004

**Independent Auditor's Report on Compliance With Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance With OMB Circular A-133**

To the Honorable Mayor and
Members of the City Council
City of Bettendorf
Bettendorf, Iowa

Compliance

We have audited the compliance of the City of Bettendorf, Iowa with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2004. The City's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and Chapter 11 of the Code of Iowa. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the City Council, management and appropriate regulatory or oversight bodies and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
October 29, 2004

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2004**

I. Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with
Section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.507	Federal Transit Capital and Operating Assistance Formula Grants

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2004

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance With Generally Accepted Government Auditing Standards.

A. Reportable conditions in internal control.

None

B. Compliance findings.

None.

III. Findings and Questioned Costs for Federal Awards.

A. Reportable Conditions in Administering Federal Awards

None

B. Instances of Noncompliance

None

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2004

IV. Other Findings Related to Required Statutory Reporting.

04-IV-A Official Depositories

A resolution naming official depositories has been adopted by City Council. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

04-IV-B Certified Budget

Expenditures/expenses during the year ended June 30, 2004, exceeded the amounts budgeted in the debt service functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation: The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response: The budget will be amended in the future, if applicable.

Conclusion: Response accepted.

04-IV-C Questionable Disbursements

We noted no expenditures for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as this is defined in the Attorney General's opinion dated April 25, 1979.

04-IV-D Travel Expense

No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

04-IV-E Business Transactions

No business transactions between the City and City officials or employees were noted.

04-IV-F Bond Coverage

Surety bond coverage of City officials and employees is in accordance with statutory provisions.

04-IV-G Board Minutes

We noted no transactions where the required Council approval was not obtained. However, the City does not publish a summary of all receipts received monthly.

Recommendation: The City is required to publish a summary of all receipts received monthly.

Response: The City is working on a system to publish a summary of all receipts received monthly.

Conclusion: Response accepted.

04-IV-H Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

04-IV-I Revenue Notes

The City has established the sinking and reserve accounts required by the sewer revenue note resolution.

City of Bettendorf, Iowa

Corrective Action Plan
Year Ended June 30, 2004

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
Other Findings Related to Required Statutory Reporting				
04-IV-B	The expenditures/expenses exceeded the amounts budgeted in the debt service functions.	See corrective action plan at 04-IV-B.	June 2004	Carol Barnes
04-IV-G	The City did not publish a summary of all receipts received monthly.	See corrective action plan at 04-IV-G.	June 2004	Carol Barnes